

FINANCIAL TIMES

Weekend FT
Euro 96: does soccer still matter?



Steven Berkoff: enfant terrible



Fashion beyond the cringe



SECTION II
World Business Newspaper

WEEKEND JUNE 8/JUNE 9 1996

ING Barings sues Deutsche Bank over poaching claim

ING Barings sued Deutsche Bank for damages of more than \$10m in a sharp escalation of the dispute over poaching by the German bank of its rival's Latin American equities staff. ING alleges that Deutsche Bank competed unfairly in raiding ING's Latin American operation. Deutsche Bank, which this week said it had hired 41 former ING Barings analysts, sales staff and traders in New York, Mexico, Brazil and Chile, is understood to have signed up several more employees in Argentina. Page 22: Irresistible pull of the poachers, Page 8

Argyle pulls out of diamond cartel: The owners of Australia's Argyle diamond mine, the world's biggest producer of rough diamonds in volume terms, have decided to quit the producers' cartel - only the third to pull out in the cartel's 60-year history. Page 22: Newcrest drops Normandy merger, Page 5; Lex, Page 22

BBA abandons bid for Lucas: BBA Group, the engineering company, abandoned a putative £2.4bn (\$3.6bn) hostile takeover bid for Lucas Industries, leaving the way clear for the proposed £3.2bn merger between Lucas and Varty Corporation of the US. Page 5; To Victor the spoils, Page 8; Lex, Page 22

Rifkind claims progress over beef ban: After a week-long tour of European capitals, foreign secretary Malcolm Rifkind (left) claimed significant progress in the UK's campaign for an end to the worldwide ban on British beef exports. Mr Rifkind was accompanied by agriculture minister Douglas Hogg, said it was too early to predict whether the UK's campaign of non-cooperation with the EU would be lifted before the summit of government heads in Florence on June 21. Page 4

Alders confirms deal with Swissair: UK retail group Alders confirmed it had agreed to sell its duty-free operations to Swissair for £160m (\$243m). Page 5

IRA suspected of killing detective: The Irish Republican Army was suspected of killing a detective at Adare, County Limerick, in London, five men were being questioned last night about an IRA blast in east London in February in which two people died. An empty seat at the talks, Page 9

Flat-rate capital gains tax for Spain: Spain announced a flat-rate tax on capital gains to encourage small investors. The move is part of a package of measures designed to stimulate the economy. Page 2

Mediaset flotation decision on Monday: Conso, Italy's financial markets watchdog, will decide on Monday whether to allow the flotation of Mediaset, Silvio Berlusconi's media group. The flotation has been dogged by uncertainty because of the judicial investigation into Fininvest, the Berlusconi holding company which is Mediaset's main shareholder.

Fujitsu delays expansion plans: Japanese electronics company Fujitsu has further delayed an £816m, 500-job expansion at its semiconductor plant in the north of England because of the volatility of the world market for memory chips. Page 4

Oracle seeks backing on Internet services: Oracle, the US database software group, is seeking the support of Internet service providers, including the large telecommunications network operators, for the provision of value added services to low-cost "network computers". Page 5

Setback for the euro: A Dutch engineer lodged a claim to be the rightful owner of the word euro, chosen by the European Union as the name of the planned single currency. He registered the word as a trademark shortly before the EU heads of state chose it at the Madrid summit. Page 2

India 94 runs behind: England scored 313 (Hussain 128) on the second day of the first cricket Test at Edgbaston, Birmingham. India were still 94 runs adrift - at 5 for 0 in their second innings - when bad light stopped play.

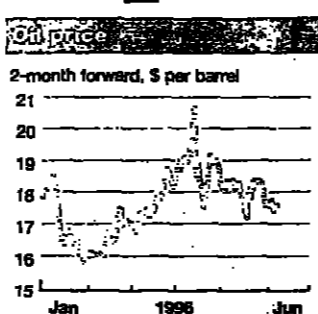
Alders	6	Merron	5
Amihex	6	Newcrest	5
Ashanti Goldfields	5	Normandy	5
Ashington Mining	22	Onyx	5
BAA	6	Park Food	5
BBA	6	Pillar Property	5
BSkyB	22	RJR Nabisco	7
Blenheim	6	RTZ-CRA	22
British Telecom	6	Rank Organisation	5
Cook (William)	5	Scottish Power	5
Critchley	5	Seas	5
De Beers	22	Silk Industries	5
Delta	5	Somerfield	5
Deutsche Bank	22	Southern Electric	5
Facia	6	Southern Water	5
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Opec members refuse to cut quotas to offset Baghdad's return to market

Iraqi oil plan sparks price fears

By Robert Corzine in Vienna
Market fears about a collapse in world oil prices over the next few months intensified yesterday after the Organisation of Petroleum Exporting Countries adopted a plan for the re-introduction of Iraqi exports. However, it failed to agree on production cuts by other member states to offset the Iraq oil. The group ended its 100th meeting by raising its production ceiling from 24.52m barrels a day to 25.03m barrels a day - more than a third of total world output. All of that increase was allocated to Iraq after some Opec members, led by Iran, failed to win support for an across-the-board production rise. Under a UN plan, agreed last month, to exchange oil for food and medicines, Iraq will soon be able to export \$2bn of oil every six months.



In spite of warnings from many oil traders and industry analysts of impending oil price falls, Opec ministers spoke optimistically after the meeting of rising world demand being able to absorb the group's increased output. The upbeat message was even echoed by Iraq's recent enemies. Mr Gholamreza Agazadeh, Iran's oil minister, welcomed Iraq's return to the world's oil markets, and dismissed fears that the addition of about 800,000 barrels a day of Iraqi crude oil on top of Opec's existing output of around 26m barrels a day would prove too much for the market to bear. But the agreement was met with scepticism among industry observers, who wondered whether Opec states would adhere to quotas, given the cheating by a number of members, including Venezuela, Nigeria, Algeria and Qatar. Mr Michael Rothman, senior energy futures analyst at New York brokers Merrill Lynch, likened Opec to a "deer caught in headlights, with Iraqi oil exports barreling down at them". He predicted that oil price pressures

would build up over the next two months, as Iraq receives the necessary UN approvals for the individual sales contracts it is negotiating with oil companies. Executives from a number of US, European and Asian oil companies met officials from the Iraqi Opec delegation this week to discuss possible sales, which many analysts expect to begin in August or September. Mr Agazadeh, who will chair a committee charged with monitoring Opec output over the next six months, said he would be especially vigilant in September. Key Opec producers such as Saudi Arabia said an emergency meeting of the group could be held around then if the return of Iraqi exports destabilised markets. Opec officials want Iraq to achieve its \$2bn target with a minimum level of exports. But they fear that Iraqi exports could trigger a price collapse, forcing Baghdad to sell increasing quantities at lower prices. Analysts said the only sure way to stop a downward spiral of oil prices would be for other Opec states to cut production to underpin prices, a move that would be politically unpalatable, especially for Saudi Arabia, Iran and Kuwait, three of Opec's largest producers.



Iraqi oil minister Amir Rasheed (right) arrives at Opec's conference in Vienna where a plan to re-introduce Iraqi exports was adopted

RJR's new smokeless cigarettes fail to light up smokers

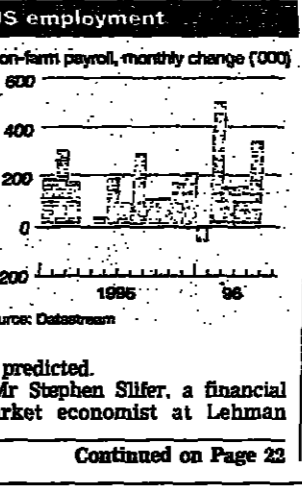
By Richard Tomkins in Chattanooga
The song may linger, but the trains don't stop at Chattanooga any more. Closed in 1970, the elegant Terminal Station has been converted into the Holiday Inn Chattanooga Choo-Choo, an only-in-America vacation complex where guests sleep in converted railway trains and the restaurants feature singing wait-persons. Still, let nobody suggest that Chattanooga is off the map. Already notorious in some circles as the birthplace of miniature golf, the Tennessee city this week laid another claim to fame: as the test market for a new type of cigarette. Eight years ago RJR Nabisco, the US tobacco and food group, unleashed one of the costliest product flops in US corporate history with its attempt to launch a smokeless cigarette called Premier. People said it was hard to smoke and tasted like dung. But RJR Nabisco is not a quitter. It has come up with an improved version of the smokeless cigarette, called Eclipse, and this week the product went on sale in the stores of Chattanooga. Eclipse works by heating tobacco instead of burning it. You light its carbon tip; then, when you draw on the cigarette, heated air passes through the tobacco, making it give off a flavour-filled vapour with about the same amounts of tar and nicotine as some ultra-light cigarettes. The key feature of the cigarette is that most of the vapour - and its smell - disappears after it has been exhaled. So although Eclipse is just as harmful to the user as some conventional brands, it is much less annoying to non-smokers. Mr Tony Brown, owner of the Signal Mountain Tobacco & Beer

US jobs surge prompts Wall St worries

By Michael Prowse in Washington and Lisa Branstetter in New York
A surge in US employment yesterday prompted heavy selling of bonds on fears that the Federal Reserve might have to raise interest rates soon to prevent the economy overheating. The US Labour Department said non-farm payroll employment rose 348,000 last month, nearly twice the increase expected by economists. Figures for April were revised to show a gain of 163,000 rather than 2,000 as reported previously. On Wall Street bond and share prices fell sharply in early trading on fears that monetary policy

would be tightened, perhaps as soon next month. The benchmark 30-year Treasury bond fell nearly two points in early trading, pushing the yield to 7.06%, as traders priced in an increase in short rates of as much as three-quarters of a percentage point by the end of this year. The Dow Jones Industrial Average fell nearly 90 in the first 20 minutes of trading, but had rebounded shortly before the close. Several European stock markets fell by 1 per cent or more, with indices in Paris and Stockholm dropping by 1.5 per cent. German government bonds dropped three-quarters of a point in response to the falls in the Treasury bond market. In London, the FT-SE 100 index fell 53.5 points to 3,706.8, while long gilts dropped by about 4 p.p. In Washington President Bill Clinton hailed the jobs figures as fresh evidence that US economic growth was "steady and strong". The surge in employment could help his re-election chances as it implies strong economic growth at an annual rate of 3.5-4.0 per cent in the second quarter, against 2.3 per cent in the first quarter. The first official estimate of second quarter growth will be released shortly before the Democratic and Republican party conventions begin in August. The jobs figures follow other

signs of accelerating economic growth, such as higher home and car sales, and left economists speculating about the timing of an increase in interest rates. Some said a rate increase could come as early as the Fed's policy meeting on July 2 and 3. But others said it could afford to wait, given the lack of upward pressure on wages or commodity prices and the downward pressure on growth from higher bond yields. "The Fed fully realises that it should be tightening policy," said Mr Will Brown, chief economist at J.P. Morgan, the New York bank. Short rates would rise by a quarter point to 5.5 per cent either next month or in August.

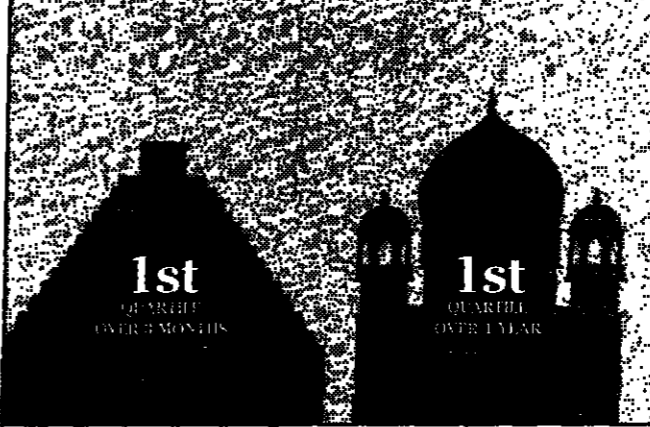


Continued on Page 23

Japan's business confidence at four-year high, study finds

By William Dawkins in Tokyo
Japan's top companies are at their most confident for four and a half years and the business outlook continues to improve at a moderate pace, the Bank of Japan announced in its quarterly corporate survey yesterday. The percentage balance between large manufacturers who think conditions are getting better or worse was minus 3 per cent in May, half what had been forecast in February when the figure was minus 12 per cent, according to the bank's Tankan business survey. Optimists and pessimists are forecast to even out by the next poll in September. A positive figure was last reached in 1991. The survey of 9,686 businesses

is the most detailed indicator of Japan's short-term economic outlook and influences the bank's monetary policy. Conditions have now improved for three quarters in a row. But bank officials stressed that there were still uncertainties ahead, in an attempt to quell market speculation that the bank might be tempted by the better-than-expected result to raise interest rates. Private sector economists agreed that an imminent tightening of monetary policy is not likely. The most encouraging features of yesterday's survey were that the recovery is spreading from manufacturing to service industries and that private sector investment is starting to take up the slack from a decline in state-funded public works spending. The balance of non-manufacturers expecting an improvement rose by nine points to 13 per cent. All companies nearly doubled their fixed investment plans for the current year, from a 2.7 per cent increase to a 6 per cent rise. Corporate investment rose by 1.3 per cent last year, the first rise for four years. But output prices, those at which manufacturers sell goods to wholesalers, continue to fall with a balance of 17 per cent of companies reporting a decline, down from 30 per cent in February. Meanwhile, input prices - paid by companies for supplies and materials - are rising faster, due to the yen's decline. A



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FT-SE 100	3,706.8	(-53.5)	US LUNCHTIME RATES		STERLING		DOLLAR	
Yield	4.06		Federal Funds	5.5%	New York lunchtime		New York lunchtime	
FT-SE Eurotrack 100	1,679.24	(-7.81)	3-m Treasury Yld	5.239%	\$ 1.5420		DM 1.5358	
FT-SE-A All-Share	1,888.16	(-1.2%)	Long Bond	6.93	London:		FFr 5.1875	
Nikkei	21,791.81	(-82.65)	Yield	7.064%	\$ 1.5417		Sfr 1.2675	
New York:							Y 108.20	
Dow Jones Ind Ave	5,825.08	(-42.11)	■ NORTH SEA OIL (Anglo)		DM 2.2657		DM 1.2345 (1.5301)	
S & P Composite	666.58	(-7.77)	Brent Dated	\$18.34	(16.15)		FFr 5.19676 (5.1873)	
							Sfr 1.2596 (1.2573)	
			■ GOLD				Y 108.205 (108.20)	
			New York Comex (Aug)	\$367.6	(388.4)		\$ Index 97.4 (97.3)	
			London	\$365.75	(385.95)		Tokyo Y 108.20	

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INTERNATIONAL NEWS DIGEST

Bonn, Paris in energy accord

Germany and France have agreed that European Union states should open a quarter of their electricity markets to foreign competition, and more than 30 per cent over six years. Bonn officials said the accord, reached at this week's regular Franco-German summit in Dijon, could start from January 1 if it was incorporated in an EU directive being negotiated. But they warned that agreement on the directive might not be reached at a meeting of EU energy and economics ministers in Luxembourg on June 29, as several detailed questions remained to be resolved.

Germany has accepted that France should be allowed to operate the "single buyer" system, allowing Electricité de France, the French state utility, to enter into contracts with foreign suppliers on behalf of its customers and so retain control of access to the national grid. *Peter Norman, Bonn*

Islamist party offered power

Turkey's President Süleyman Demirel yesterday asked the Islamist Refah party to try to form a government, following the collapse on Thursday of the conservative coalition. Refah is the largest party in parliament, holding 158 of the 550 seats, and its leader, Mr Necmettin Erbakan, claimed reality showed there could not be a government without his party. "With a Refah government there will soon be a new government and it will solve the country's problems," he said.

However, few analysts expect him to succeed, as all four secular party leaders refuse to form a coalition with Refah. Mr Demirel would then call on parliament's second largest party, the conservative True Path party of Mrs Tanau Ciller.

Mrs Ciller said secular party leaders should discuss creating a four-party coalition, and as True Path was the largest secular party it should lead the coalition. However, both Mr Mesut Yilmaz, the caretaker prime minister and leader of the conservative Motherland party, and Mr Bülent Ecevit, of the Democratic Left party, refuse to work with her. Mrs Ciller, who is being investigated for corruption, is expected to come under pressure to quit as party leader. *John Barham, Ankara*

German economy picking up

German industrial orders rose 2.2 per cent in volume terms in April, their strongest performance in nearly a year, according to preliminary, seasonally adjusted figures from the economics ministry yesterday. The rise was stronger than expected, prompting some economists to say the economy was recovering after the first-quarter fall in gross domestic product. However, ministry officials said they would need another two months of favourable economic data before declaring a turn-around.

On a non-seasonally-adjusted basis, orders were 8.4 per cent higher than in April 1995. This was the first positive year-on-year figure for nine months.

The most significant indicator of recovery, according to economists, was a 3.5 per cent seasonally adjusted jump in the volume of domestic orders between March and April, following a 2 per cent rise from February to March. *Peter Norman*

Finns damp ERM speculation

Finland's central bank yesterday moved to damp speculation that the markka would join the European exchange rate mechanism within weeks as a prelude to Helsinki's bid to be a founding member of economic and monetary union in 1998. Ms Sirikka Hämmäläinen, the bank governor, said there was no question of seeking ERM membership during the summer. However, she said the bank would consider "the situation concerning the timing and substance" in the autumn.

Mr Sauli Niinistö, the finance minister, signalled this week that he believed Finland would have to join the ERM this year if it wanted to be among the first ERM members - a target set by the left-right coalition government. The markka, de-coupled from the Ecu in September 1992, has been relatively strong and stable recently. But there is still significant opposition within parliament to an early ERM link. Speculation was heightened this week when parliament passed revised currency laws required to make ERM membership possible. *Hugh Carnegie, Stockholm*

Ispat to buy Kazakh coalmines

Ispat, the UK-based steel producer, has agreed to buy 15 coalmines in northern Kazakhstan, boosting its promised investment there to well over \$1bn. Mr Akezhan Kazbegeldin, Kazakhstan's prime minister, said Ispat had offered more than \$300m in investment and payment of debts for the mines, most of which had been on the verge of shutdown. Ispat last year bought the giant KarMet steel plant, the main customer of the mines and the largest foreign owned enterprise in the former Soviet Union. Earlier this year Ispat took over a troubled power plant to ensure supplies of electricity and heat to the plant and employees' homes. *Sander Thomas, London*

Ferries 'still not safe enough'

Even tighter safety measures for roll-on roll-off ferries were demanded yesterday by a senior United Nations shipping official. The International Maritime Organisation agreed stricter controls last November following the loss of the Estonia in the Baltic in 1994. Mr William O'Neill, IMO secretary general, pictured left, said: "The crucial fact about many of the requirements which have been introduced is that they do not stop accidents from happening, they only help to mitigate the after-effects." He called for greater efforts to avoid accidents in the first place. He was speaking in London at a seminar on ferry safety organised by the Royal Institute of Naval Architects. *Charles Batchelor, Transport Correspondent*

Zapatista peace talks to resume

Peace talks between Zapatista guerrillas and the Mexican government are expected to resume tomorrow following the release of two alleged Zapatista leaders from jail. A Mexican appeals court on Thursday quashed jail sentences for terrorism handed down to Mr Jorge Javier Eloorriaga and Mr Sebastián Entzin. Mr Eloorriaga, a television journalist who served as a go-between between the Zapatista guerrillas and President Ernesto Zedillo, denies belonging to the outlawed guerrilla movement.

The release of the two men is expected to ease tensions in the southern state of Chiapas, where the army and the rebels have held an uneasy truce for the past year. The Zapatistas, an Indian movement, called off peace talks last month in protest at the harshness of the verdicts, reached on the basis of a written statement from a witness who did not appear in court.

Albania's opposition parties, which boycotted last month's elections alleging ballot rigging and violence, are calling a demonstration today to demand new elections. Mr Namik Dokle, leader of the opposition Socialist party, said he expected the protest to be broken up. The US is urging the Albanian government to hold fresh elections in many more constituencies than the four suggested by the central electoral commission following irregularities in the election two weeks ago. Diplomats said that the commission might agree to a re-run in 12 constituencies but the pressure on the government was to re-stage the poll in 25 constituencies.

Marianne Sullivan, Tirana, and Kevin Done, London

Japan's foreign aid rose 9 per cent in 1995 to \$14.72bn, but as a proportion of gross domestic product, it fell to 0.28 per cent, from 0.29 per cent a year earlier. *Gerard Baker, Tokyo*

Thai king crowns 50 years of unrivalled popularity

King Bhumibol is among the world's most revered monarchs - and a hard act to follow

As the world's monarchs struggle to define a role for themselves in modern society, Thailand's King Bhumibol Adulyadej, the longest reigning of them all, is a notable exception.

During the celebrations marking the anniversary of his accession 50 years ago tomorrow, none of the questions of legitimacy or suitability that stalk other royal houses seem appropriate.

Thai people still devote themselves to such daily rituals as halting for public performances of the national anthem and standing for a retrospective film on the king's life before the main feature in the cinema.

For most of his 68 years, King Bhumibol has been fully engaged in the affairs of his country, helping to construct and preserve national unity in times of strife and initiating and funding projects to help his poorer subjects during times of calm.

Since the 1980s, the king has ventured out of Thailand only once - a one-day visit to neighbouring Laos - and although the country has had 15 constitutions, 17 military coups and 21 prime ministers during his reign, the king's mere presence is a safeguard against extremism.



Near divine: Leading politicians sit on the floor during an audience with the king in his palace

But for all the popularity of King Bhumibol, the ability to avoid problems faced by other monarchies has not made the Chakri dynasty, of which he is the ninth monarch, immune from lingering questions about succession.

That question is particularly acute because of the crucial role the king plays in anchoring Thailand's political stability. Mr Anand Panyarachun, a former prime minister, said in a recent speech, widely publicised in Thailand, that the king's unwavering dedication had earned him "reserve powers" that no other constitutional monarch in the world has ever enjoyed.

"His Majesty alone possesses continuous political experience and... his remarks, whether made privately or publicly, have always been listened to with great attention and circumspection," Mr Anand said. "His indirect influence on government policies and measures cannot, therefore, be underestimated. Without His Majesty's guiding hand we would not be where we are today."

A blanket prohibition against criticising the monarch or the monarchy - *lèse-majesté* laws are severe and enforced - contributes to the near-divine aura surrounding King Bhumibol.

But the king is human and when he was hospitalised twice last year with heart problems, succession became the hottest - though private - topic of discussion among the body politic. Crown Prince Maha Vajiralongkorn does not yet command the respect or authority that his father does, while Princess Maha Chakri Sirindhorn, the king's third child and named second in line to the throne in 1977, has carefully followed her father's lead in the area of social works and is widely loved.

No one expects the Crown Prince, 43, to replicate his father's popularity immediately - Thailand's rapidly changing social and political values work against him. Respect for the Chakri dynasty has fluctuated throughout history and each new king has to start afresh in earning popular respect.

"It would be unfair for Thai people to judge a successor on the standards of the current king," says Mr Anand. "It is going to be impossible for anybody to follow the present


"They seem to want to dump everything had on me," he told journalists at the time.

The crown prince has one daughter by his first wife, Princess Somsawall, and five more children by Ms Sucharinee Wivacharawong, a commoner who has never been fully accepted into the royal household.

Ultimately, the concerns about succession are not about the monarchy itself, but about the maturity of Thailand's political system and military. Many are worried that these institutions, having become dependent on an exceptional king to bail them out in times of crisis, could sink into intractable battles when the throne is occupied by a monarch who does not possess King Bhumibol's "reserve power."

The royal palace is subtly preparing for that day. "Thai people seem to see that there is merit in continuity. The transition will be smooth," Mr Brabongse Kasemsri, the king's principal private secretary, told the Far Eastern Economic Review in a rare interview this week. "But of course it will also depend on the future king and queen to carry on with this tradition to keep the monarchy strong and secure."

Ted Bardacke



Windows 95

Still waiting for something better than Windows 95?

Here's something to read while you wait.

There's no hurry to buy.
It's sure to be followed by a newer, shinier version. Windows 2000 has a kind of ring to it.

There are bound to be a few little refinements they want to make.

Let them get their act together. That's strange. A lot of my business friends seem to have it already. Ah well. Fools rush in.

They say the new operating system is easier, more intuitive. They say it recognises new software really easily. And hardware too. Plug and play, as they say.

They don't know how they lived without it. They're so impressed with this 32-bit technology, it's clouded their judgement.

"98% of those using Windows 95 in organisations say they're satisfied?" Mugs! Corporate lackeys!

I'm positive there's something better round the corner. I've read science fiction books.

There are going to be computers connected to televisions that communicate via telepathy.

So I can't see the point of diving in.

OK. So there are better internet abilities and better switching between applications.

Bound to go wrong.

They've got 20 million users already, apparently.

But all software comes with a few problems.

OK. So they tested it thoroughly. A million testers, they reckon. The biggest pre-test ever. Ironed out all the problems beforehand. My foot.

Must say, my business friends are doing very well at the moment. Productivity pay-rises and the like.

What was it they said? "Over three years, Windows 95 will save them £1,000" in management costs for every PC they run?" But you wait. I'll have the last laugh.

Now they're offering a 30 day money back guarantee. What a give away.

You buy Windows 95 and if you're not completely satisfied, they'll give you your money back!

Do me a favour.

You know what will happen. Day 31, all the problems start.

Yes, I know what the Wall Street Journal said.

"After 6 months Windows 95 has proved itself a solid and reliable product."


But what does Wall Street know? Where is Wall Street? And PC Magazine, that most respected and impartial of journals, says "When it comes to comparisons Windows 95 is in a class of its own."

I'll reserve judgement if it's all the same, thank you.

No harm in waiting.

You know, this daytime television's not so bad.

I certainly won't be calling for more information on 0345 00 2000; extension 196. But you might.



WHERE DO YOU WANT TO GO TODAY?™

Windows are open 9.30am-5.30pm Monday to Friday. Local rates apply to BT customers. *Money Back Guarantee Terms and Conditions. Offer only applies to those purchasing UK Windows 95 boxed products. (Licence version. Windows 95 pre installed on personal computers and Windows 95 related products do not qualify). Qualifying purchases are those made between 15.4.95 and 30.6.96 and dated invoices must be supplied as proof of purchase. The money back guarantee is valid only for 30 days after purchase (commenced by date of invoice). Only the amount paid (including VAT) for Windows 95 is covered. P&P of returning product will not be refunded. The product must be de-installed from your computer and the box with all of its contents must be returned to Microsoft along with the dated invoice. Please see reverse of product box for system requirements. Money back guarantee limited to one product per person. Your statutory rights and your rights under the terms of the Microsoft End User License Agreement are not affected. †Source: Microsoft Corporation Commissioned Research. **Source: Survey conducted on a company with 8,750 PCs. Microsoft, Windows and "Where do you want to go today?" are registered trademarks or trademarks of the Microsoft Corporation in the US and/or other countries. <http://www.microsoft.com/uk/>

مكتبة الامير

NEWS: UK

Big Fujitsu expansion is delayed again

By Chris Tighe in Newcastle upon Tyne

Fujitsu, the Japanese electronics company, has further delayed a planned \$280m (£180m) expansion at its semiconductor plant in Newton Aycliffe in north-east England.

Delco Electronics, the electrical car components manufacturer, controlled by General Motors, yesterday opened the world's first factory for hybrid ceramic engine and transmission control systems in Knowsley in north-west England.

The £22m (£35.5m) facility, which will employ up to 800 staff, has been built next to a former Delco plant which had been threatened with closure. The new facility will supply GM and other European car-makers with the new systems, which can be mounted directly onto vehicle engines.

Hotel prices race ahead of inflation

By Frederick Orm, Consumer Industries Editor

Rooms are scarce at many of London's luxury hotels as they enjoy booming business. This is always a busy season with social calendar crammed with events from Ascot to Wimbledon, but this year hoteliers are slicing up an especially well-laid cake.

Room prices rise steeply

Table with columns: 1995/96, 1994/95, change. Rows: With four and five stars, Occupancy rate, Average room cost, All hotels, Occupancy rate, Average room cost.

will be very tight," he added. As football fans go, most of these will be well behaved, big spenders so he would not hesitate to offer them rooms if he had them.

executives are coming for short visits. "With faxes and better air connections people don't stay as long," said Mr Nigel Badminton, rooms division manager at the Dorchester.

break records. The boom is letting luxury hoteliers push up their room rates. "This is the first time in years we've seen growth in room rates ahead of inflation," said Mr Nigel Badminton, managing consultant of Parnell Kerr Foster, a firm of hotel consultants.

Minister lauds 'progress' on beef

Financial Times Reporters in London, Lisbon and Madrid

Mr Malcolm Rifkind, the UK foreign secretary, yesterday claimed significant progress in the UK's campaign for an end to the worldwide ban on British beef exports.

would be lifted before the European summit of government heads in Florence on June 21, he added. The UK prime minister, Mr John Major, has said he is prepared to end the campaign of non-cooperation if there is EU agreement on a framework for the phased lifting of the ban.

Speaking in Lisbon at the end of the tour, Mr Rifkind said this support was "quite different from what we have been having up to now". Previously a number of countries opposed any ending of the ban "not for health or scientific reasons but for domestic political reasons".

a boycott of British bulls' semen following the lifting of the ban on exports of beef derivatives. A campaign launched yesterday by the COAG federation of farm unions poses a direct challenge to Spain's new agriculture minister, Ms Loyola de Palacios, who earlier this week switched her stance to support the ending of the by-product ban.

Auditors are sued in Singapore



Liquidators of Barings Futures (Singapore), the Barings subsidiary which employed Mr Nick Leeson, are suing two of its former auditors for up to \$10m each in what is understood to be Singapore's biggest lawsuit.

Inward investment curb

The Treasury wants to impose more central control over inward investment subsidies amid concern that development agencies in Scotland and Wales are driving up the costs by competing against each other to attract new projects.

'Blacklist' of Names near

LLOYD'S of London is close to finalising a "blacklist" of more than 100 Names who will be excluded from a \$3.1bn (£4.7bn) out-of-court settlement offer which is part of the insurance market's ambitious recovery plan.

Reprieve for power stations

British Energy, the nuclear power company which is now being privatised, is set to announce next week that four of its eight stations are likely to have their working lives extended.

VW and Peugeot increase shares

Table with columns: OF NEW CARS, Volume, Change, Share, Share. Rows: Total market, UK produced, Imports, Japanese makes, Ford group, etc.

The 10 top selling new cars in Britain so far this year are: 1 Ford Fiesta, 2 Ford Escort, 3 Ford Mondeo, 4 GM Astra, 5 GM Vectra, 6 GM Corsa, 7 Rover 400, 8 Peugeot 306, 9 Renault Clio, 10 Fiat Punto.

Kvaerner claim denied by VAI

By Andrew Taylor, Construction Correspondent this year became managing director of VAI's UK operations. Mr Tazzyman was previously chief executive of Davy International.

BUSINESSES FOR SALE

E.T.B.A. FINANCE Financial and Economic Services S.A. (formerly Greek Exports S.A.) ANNOUNCEMENT

OF A FOURTH INTERNATIONAL PUBLIC AUCTION FOR THE HIGHEST BIDDER FOR THE SALE OF THE ASSETS OF THE FOLLOWING COMPANIES:

- 1. PIRAIKI-PATRAIKI PATRAS SPINNING & WEAVING MILLS S.A.
2. PIRAIKI-PATRAIKI CHALKIDA WEAVING MILL S.A.
3. PIRAIKI-PATRAIKI COTTON MANUFACTURING COMPANY S.A.

ETBA FINANCE Financial & Economic Services S.A., established in Athens at 1 Emmanouil Str., as its capacity as special liquidator, by virtue of Decisions No. 1083/1992 and 715/1992 of the Courts of Appeal of Athens respectively, of the above companies which are under special liquidation as per article 46 of Law No. 1892/1990, in compliance with the third article of Law 2388/1996 and following instructions dated 22/5/1996 from the Industrial Reconstruction Organisation S.A. (creditor of the PIRAIKI-PATRAIKI Group of Companies, empowered to make and execute decisions in accordance with article 22 of Law 2198/1994)

ANNOUNCES Three separate and independent special international public auctions for the highest bidder with sealed, binding offers for the sale of the assets of a number of PIRAIKI-PATRAIKI PATRAS SPINNING & WEAVING MILLS S.A. now under special liquidation (hereinafter the First Auction).

1. of the assets as a whole of PIRAIKI-PATRAIKI CHALKIDA WEAVING MILL S.A. now under special liquidation (hereinafter the Second Auction).
2. of the assets of PIRAIKI-PATRAIKI COTTON MANUFACTURING COMPANY S.A. now under special liquidation, either as a whole or separately, for each functional unit, and its non-functional units as listed below (hereinafter the Third Auction).

ACTIVITY AND BRIEF DESCRIPTION OF EACH COMPANY
1. PIRAIKI-PATRAIKI PATRAS SPINNING AND WEAVING MILLS S.A. established in Patras, is a large, vertical spinning and weaving unit with expertise in specialised textiles. The spinning mill, weaving mill, doubling department, finishing plant and finishing plant are the main production units of the complex, covering an area of about 190 acres (48 hectares x 4 acres), included in the assets for sale are the PIRAIKI-PATRAIKI trade mark among other trade marks.

TERMS OF THE ANNOUNCEMENT
1. The present Auctions will be carried out in accordance with article 46 of Law 1892/1990, complemented by article 14 of Law 2009/1991, as in force today, and the third article of Law 2388/1996 the terms contained in the present Announcement and the terms contained in the relative Offering Memorandum, regardless of whether they are repeated or not in the present Announcement.

Parties interested in participating in more than one Auction should submit separate offers to each respective Auction. In such an eventuality each offer remains binding regardless of the fate of any other offer made by the same party in the other Auctions.
Offers submitted beyond the time limit will not be accepted or considered. Offers must not contain terms or conditions which are not stipulated in the present Announcement or which may vary with respect to the amount and manner of payment of the offered price or to any other essential matter concerning the sale.
On penalty of invalidity, offers must be accompanied by a letter of guarantee from a first class bank legally operating in Greece, valid up to the submission of the bid and up to the signature of the offer and the offer for the highest bidder but not beyond four months after expiry of the deadline for the submission of bids, unless within this four-month period the decision concerning the adjudication of the Auction is communicated to the guarantor bank, in which case the highest bidder's letter of guarantee shall be valid until it returns a specimen of the letter of guarantee in accordance with the Offering Memorandum.

E.T.B.A. FINANCE Financial and Economic Services S.A. (former Greek Exports S.A.) ANNOUNCEMENT

OF A FIRST REPEAT INTERNATIONAL PUBLIC AUCTION FOR THE HIGHEST BIDDER FOR THE SALE OF THE TOTAL ASSETS OF INTERNATIONAL TOURIST INVESTMENTS S.A. NOW UNDER SPECIAL LIQUIDATION

ETBA FINANCE S.A., established in Athens at 1 Emmanouil Str. & Vas. Constantinou Street, in compliance with article 46 of Law No. 1892/1990, in compliance with the third article of the Athens Court of Appeal, of INTERNATIONAL TOURIST INVESTMENTS S.A. under special liquidation within the framework of article 46 of Law 1892/90, and following instructions dated 27/5/1996 from ETBA S.A. the creditor as per para. 1 of article 46 of Law 1892/1990

ANNOUNCES A first repeat international public auction for the highest bidder with sealed, binding offers for the sale of the whole assets of INTERNATIONAL TOURIST INVESTMENTS S.A. (IPOKRAATIS MELATHRON Hotel) established in Athens.

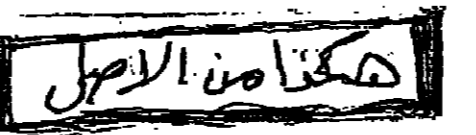
ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY
INTERNATIONAL TOURIST INVESTMENTS S.A. today owns and operates the Hippocrates Melathron hotel group (IAC Cases) in the Pireus area of Coe Island on a plot of land with total area of 71,640 square metres which includes an entrance hall, reception, restaurant, terrace, discotheque, indoor and outdoor swimming pools, night club, tennis court, etc. Near the above hotel an independent building "B" has been erected which was intended to house a Preventive Medicine Centre. Because the relative permit was not issued by the authorities, this building was converted to guest accommodation. It consists of two units: the "Missionnaire" which contains six apartments and 26 beds and the "Pavilion" which contains 18 guest bedrooms. According to special warrant No. 5345/995 for the operations of the hotel, its capacity is 170 rooms with 315 beds. An on-site emergency hospital, with 42 beds and 20 intensive care beds, is also included in the building "B", etc. From 1994, the company under liquidation has begun building a new 444-bed luxury hotel unit (on part of the plot of land upon which the Hippocrates Melathron hotel has been built). This is a three story building on ten levels. Construction work was suspended and so far, all the land has been cleared as part of the construction of the hotel. A full analysis of the assets of the company under liquidation is contained in the Offering Memorandum.

TERMS OF THE ANNOUNCEMENT
1. The auction will be carried out in accordance with the provisions of article 46 of Law 1892/1990 complemented by article 14 of Law 2009/1991 as in force today and the terms contained in the Offering Memorandum, regardless of whether they are repeated or not in the present Announcement.

Parties interested in participating in more than one Auction should submit separate offers to each respective Auction. In such an eventuality each offer remains binding regardless of the fate of any other offer made by the same party in the other Auctions.
Offers submitted beyond the time limit will not be accepted or considered. Offers must not contain terms or conditions which are not stipulated in the present Announcement or which may vary with respect to the amount and manner of payment of the offered price or to any other essential matter concerning the sale.
On penalty of invalidity, offers must be accompanied by a letter of guarantee from a first class bank legally operating in Greece, valid up to the submission of the bid and up to the signature of the offer and the offer for the highest bidder but not beyond four months after expiry of the deadline for the submission of bids, unless within this four-month period the decision concerning the adjudication of the Auction is communicated to the guarantor bank, in which case the highest bidder's letter of guarantee shall be valid until it returns a specimen of the letter of guarantee in accordance with the Offering Memorandum.

The present Announcement was drafted in Greek and translated into English. In any case, however, the Greek text shall prevail.
For any further information on the company for sale, interested buyers may apply to the office of the liquidating company ETBA FINANCE Financial and Economic Services S.A. at 1 Emmanouil Street, 4th Floor, Athens, Greece, Tel: (01) 726.8218, 726.8276 and 726.8298. Fax: (01) 726.8284.

The present announcement has been drafted in Greek and in English in translation. In any case, however, the Greek text shall prevail.
For any further information interested parties may apply to the office of the liquidating company ETBA FINANCE Financial & Economic Services S.A. 1 Emmanouil Street, 4th Floor, Athens, Greece, Tel: +30-1-726.0210, 726.0278, 726.0291 and 726.0506 Fax: +30-1-726.0864



COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS Copper plunges on LME

After shocks following Thursday's unprecedented price plunge kept London Metal Exchange copper traders on their toes yesterday.

In a highly volatile market the three months delivery price ranged between \$2,110 and \$2,265 a tonne and the cash premium widened dramatically.

Three months metal closed at \$2,172.50 a tonne, down \$274 on the week but up \$67.50 on the day and \$272.50 above the two-year low reached on Thursday morning.

Thursday's early sell-off, which saw the LME three months copper price lose 15 per cent of its value in the space of two hours, was blamed by many traders on the activities

remaining steady, and that a price bounce was justified following the spectacular downward move of late Wednesday and early Thursday.

"The main lesson to be learned from LME price movements over the past three years is that due to the increasing role of financial players... prices are more forward looking than they have been in the past," it said.

The price rally in late 1993 was a good six months ahead of the fundamental recovery. The same applies to copper price movements in the past month. They obviously reflect some temporary special one-off factors but the underlying trend downward movement reflects pessimism about the next six to nine months.

"It simply cannot be ascribed to short term one-off technical factors."

Other LME metals mostly followed the trend in the copper contract this week, though to widely differing degrees.

Precious metals were also under severe pressure for most of the week, before steadying somewhat. Chart-inspired selling sent platinum to a two-year low and gold and silver to five-month lows in mid-week.

At the London Commodity Exchange coffee prices were likewise in retreat. The September futures position rallied by \$18 yesterday to \$1,743 a tonne, but that was still \$40 down on the week.

The traders thought the objective was to push the three months price below \$2,000 a tonne, forcing investment banks and market-makers that had granted put (selling) options to copper producers to start selling.

BASE METALS LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

PRECIOUS METALS LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

ENERGY CRUDE OIL NYMEX (1,000 barrels, \$/barrel)

PRECIOUS METALS LONDON METAL EXCHANGE (Prices supplied by N M Rothschild)

PRECIOUS METALS continued GOLD COMEX (100 Troy oz, \$/Troy oz)

PRECIOUS METALS continued SILVER COMEX (5,000 Troy oz, \$/Troy oz)

PRECIOUS METALS continued PLATINUM NYMEX (100 Troy oz, \$/Troy oz)

PRECIOUS METALS continued NICKEL, LEAD & COPPER

GRAINS AND OIL SEEDS WHEAT CBOT (6,000 bushels, \$/bushel)

GRAINS AND OIL SEEDS SOYBEANS CBOT (6,000 bushels, \$/bushel)

GRAINS AND OIL SEEDS CORN NYMEX (1,000 bushels, \$/bushel)

GRAINS AND OIL SEEDS WHEAT AND SOYBEAN MEAL

SOFTS COCOA COMEX (10 tonnes, \$/tonne)

SOFTS COFFEE COMEX (50 tonnes, \$/tonne)

SOFTS SUGAR COMEX (11 tonnes, \$/tonne)

SOFTS COTTON NYMEX (50,000 lbs, \$/50,000 lbs)

MEAT AND LIVESTOCK LIVE CATTLE COMEX (40,000 lbs, \$/cwt)

MEAT AND LIVESTOCK LIVE HOGS COMEX (40,000 lbs, \$/cwt)

MEAT AND LIVESTOCK PORK BELLIES COMEX (40,000 lbs, \$/cwt)

MEAT AND LIVESTOCK SHEEP COMEX (40,000 lbs, \$/cwt)

LONDON TRADED OPTIONS ALUMINIUM (20 TONNES) LME

LONDON TRADED OPTIONS COPPER (20 TONNES) LME

LONDON TRADED OPTIONS COFFEE (50 TONNES) LME

LONDON TRADED OPTIONS SUGAR (11 TONNES) LME

LME WAREHOUSE STOCKS (As at Thursday's close)

WEEKLY PRICE CHANGES

WORLD BOND PRICES

MARKET REPORT

By Lisa Branstetter in New York and Corinna Middelmann in London

Stronger-than-expected figures on jobs creation in May caused US Treasury prices to tumble in early trading yesterday.

The benchmark 30-year Treasury bill fell two points immediately after the Labour department said that 348,000 jobs were added to the US economy last month and hovered near those levels through morning trading.

BENCHMARK GOVERNMENT BONDS

US INTEREST RATES

US INTEREST RATES Treasury Bills and Bond Yields

BOND FUTURES AND OPTIONS

FRANCE NATIONAL FRENCH BOND FUTURES (MATF) FF500,000

GERMANY NATIONAL GERMAN BOND FUTURES (LIFFE) DM250,000 100ths of 100%

GERMANY NATIONAL GERMAN BOND FUTURES (LIFFE) DM250,000 100ths of 100%

ITALY NATIONAL ITALIAN GOVT. BOND FUTURES (LIFFE) Lit 200m 100ths of 100%

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SPAIN NATIONAL SPANISH BOND FUTURES (MATIF)

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UK NATIONAL UK GILT FUTURES (LIFFE) £50,000 32nds of 100%

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LONG OIL FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

LONG OIL FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

EURO BOND FUTURES (MATIF) ECU100,000

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UK GILTS PRICES

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UK GILTS PRICES

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UK GILTS PRICES

UK GILTS PRICES

MARGINED CURRENCY DEALING CALL TOLL-FREE Lausion Flexible managed accounts Limited liability guaranteed Lowest margin deposits (20-5%) DR CALL DIRECT

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday June 8 1996

New teams, new skills

The mania surrounding England's hosting of the European football championship finals has brought back old memories. Fans and commentators, familiar with the home team's recent record, are wary of predicting an England win. They prefer, rather, to live and relive the home team's last great victory, in the World Cup final against the then West Germany in July 1966.

these days it is 6th. Yet an internal memo leaked from the Treasury this week expects the ranking to alter more dramatically over the next few years.

Stout boots

These extrapolations make a good deal of sense. The UK's performance would have to be miraculous indeed to stay ahead of such young Asian and Latin American tigers. But it is a typically British mistake to judge the economy's success in relative terms.

Consider the various revolutions that have taken place in the world economy since 1966: not least, the arrival of a "global economy" worthy of the name.

Clearly, the parallel between England's two records cannot be stretched too far. (It is, moreover, typically Anglo-centric, since all the available data relate to the entire UK rather than simply England.)

Memo leaked

The headline contrasts between the two eras are striking. Take the exchange rate. Thirty years ago the German mark arrived at Wembley were exchanging Deutschmarks for sterling at a rate of over 11 DM to the pound; today it is around 2.3.

The economic groundwork for a better UK performance has only been partly laid. Inflation, at 2.9 per cent, is actually about half a percentage point lower than it was in July 1966, while growth this year, at around 2 1/2 per cent, could be a bit above the 2.1 per cent pace of 1966.

Irresistible pull of the poachers

The large pay packages to persuade investment bankers to switch employers are causing concern in the industry, says Nicholas Denton

The behaviour of investment bankers makes it hard to remember that the Latin American equities business is depressed. Since last weekend, Deutsche Morgan Grenfell, the acquisitive investment banking arm of Deutsche Bank, has offered large sums of money to recruit 44 staff from ING Barings, the subsidiary of Internationale Nederlanden Groep.

One happy defector based in Mexico is already buying a villa, on the strength of pay promises. In Brazil, an executive who earned a basic salary of \$150,000 a year and a \$300,000 bonus is said to have told ING Barings that he was moving for a \$500,000 signing-on fee and a guaranteed bonus of double that.

But disquiet has emerged even among the predators such as Union Bank of Switzerland, which recently expanded by hiring staff from other banks.



the easy and obvious thing to say. And he says that Deutsche Bank's detractors, who bemoan the plight of the industry, are merely fearful of the group's strength. "It's ironic that some investment bankers, who benefit so from free markets, cry foul when there is competition in their own market," the bank says.

Second, turnover among staff has become disruptive to the cultures of banks. McKinsey, the management consultancy, estimates the typical investment banker now changes employer three times every six years.

move. They need to acquire staff to break into the new market. Third, as investment banks increasingly offer the same services, they have to struggle harder to distinguish themselves. Well-known analysts and dealmakers can be central in winning business.

people - headhunters prey on the unsettled staff. In the first phase of Deutsche Bank's expansion, for example, it acquired Morgan Grenfell of the UK in 1989 for \$950m.

bank says it plans to hire another 150 in the coming months. Already, the rewards for executives in investment banking dwarf the pay packages at the UK's privatised utilities which caused such controversy.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Effectiveness of UK prison service is increasing

From Mr Michael Howard MP. Sir, Mark Suzman's article, "The rights and wrongs of locking up more criminals" (June 1/2) accused me of regarding imprisonment as simply "warehousing". This is wholly untrue.

prison service's own ability to supply its needs for items such as food and furniture. Further work will come from partnerships between prisons and private industry and from the use of the Private Finance Initiative to encourage companies to set up and manage workshops in prisons.

detoxification, education and counselling facilities alongside the mandatory testing of prisoners for drugs. Total spending on prisons has doubled in real terms since 1979. It is increasing again this year.

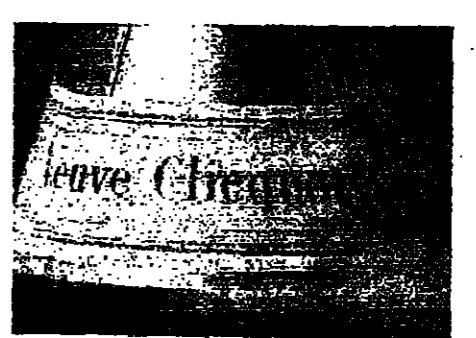
which offer the best prospects of reducing reoffending. And the evidence is that prison is already at least as good at preventing reoffending as other forms of sentence.

Applause for interpretation of ballet

From Cussama Htmami. Sir, Clement Crisp's review of Patricia Bart's interpretation of Coppelia is unfortunate ("Sad tale of radical revisions", June 1/2). My difficulty lies in the basis for his conclusion that there is "no reason to hail this production as a valid view of an old and honoured work of art".



WINNER BY A HEAD



WINNER BY A NECK

Table listing various events and dates: THE DRESS, SHOW; THE GOSWORTH HOUSE ANTIQUES FAIR; ROYAL ANNOT; THE COASTAL TEST MATCH v IRELAND; WINDSOR TROUSERS CHAMPIONSHIP; ROTHSCHILD ISLAND RACE, ISLE OF WIGHT; VEVEE CLICQUOT GOLD CUP POLA, COPWAY PARK; HEARLEY ROYAL BRILLIANT; HAMPTON COURT PALACE INTERNATIONAL FLOWER SHOW; BATTEN GRAVE FAIR, SHERBORNE.

Cream for all, not mouldy cheese

From Mr Stephen Morris. Sir, With regard to the article "Advice to executives: how to claw back credibility" (June 6), consultants to cats forget that some mice read your newspaper.

unpalatable to some, that customers, staff and shareholders should get proportional satisfaction. Let them eat mouldy cheese, carefully packaged, will not do.

Time to take these things seriously

From Mr W.B. Fox. Sir, I am an old man of 88, and during my long lifetime I have read about many scares. I learned to ignore them all - after all, the press has to earn its bread and butter, and thus it can be expected to blow such stories up.

as soon as this Conservative government begins to ridicule the scares one ought to take them seriously.

Look to Parisian master cutler for origins of the safety razor

From Mr W.G. Cross. Sir, The article by Damian Foxe, "Singing the praises of the barber shop" (May 18), leads me to make two points: King Camp Gillette's safety razor was patented in December 1901, not 1908, and, more importantly, he appears not to have been the first to invent a safety razor.

Worshipful Company of Barbers, I found a small book in the company's library, in French and dated 1762, entitled La Poignotonnie, ou l'Art de se raser, by J.J. Perret, Master Cutler of Paris. In this, he describes his invention of a "rasoir à rabat", or plane-style razor, on which he had written in the French periodical Mercure in 1762.

with two ebony guards, left and right, which slid along the blade from the tip. The upper margin of the guard followed the length of the cutting edge, just short of the lower margin extending a fraction beyond. This created a safety razor, anti-dating King Camp Gillette by 139 years.

Company of Barbers had a limited number of copies published. I also made a facsimile in silver and ebony of the "rasoir à rabat" for the company.

Veuve Clicquot CHAMPAGNE OF THE SEASON. Includes a small crest and the brand name in a stylized font.

Mr Roberto Quarta, the Italian-American chief executive of BBA, has only once met Victor Rice, the chairman of Varsity Corporation, North America's largest brakes manufacturer - and it was not a meeting of minds.

That was last year when Mr Quarta was selling the automotive products business in his engineering and textiles manufacturing group, Mr Rice, the British-born chairman of Varsity, dropped in to discuss acquiring BBA's brake lining operations - but as soon as he finished his tea, he was shown the door.

"He wanted my frictions business. I told him to go fly a kite without string," recalls Mr Quarta in typically trenchant style.

Yesterday Mr Rice had his revenge after Mr Quarta was forced by his own shareholders to abandon plans for an audacious takeover bid for Lucas Industries, the UK automotive and aerospace equipment maker which last week announced plans to merge with Varsity.

Mr Rice has emerged with the price that the man known in the City as "Spare No Quarta" has been coveting for more than a year. The two men, both credited with saving their companies from near-death experiences, had clashed in a battle to create the world's second-largest vehicle

To Victor the spoils

Shareholder power has forced Roberto Quarta to concede defeat to Victor Rice in the battle for Lucas Industries, says Tim Burt

braking manufacturer. Mr Rice wanted a \$2.2bn merger between Varsity and Lucas. Mr Quarta, poached by BBA three years ago from BTR, the UK industrial conglomerate, wanted to get his hands on the Lucas brakes division. It already owned one of the world's top three brakepad manufacturers and Mr Quarta believed that acquiring Lucas would make it one of Europe's strongest braking companies.

He regarded Lucas as a company ripe for the kind of restructuring he has practised at BBA. Since arriving at the group, 3,000 out of 18,000 jobs have gone and he has sold underperforming businesses with combined sales of £400m. Underlying profits last year showed the benefits of his 572m cost-cutting exercise by rising 41 per cent from £84.5m to £118.5m.

Given that record, Mr Quarta felt slighted that BBA was not louted as a suitor for Lucas, especially as companies such as BTR or Siemens and Linde of Germany were mentioned frequently.

For Victor Rice, it was quite obvious why no one considered BBA a contender: the bid was simply not credible because it did not promise the integrated systems which would be manufactured by a partnership of Lucas and Varsity. "It's ludicrous. None of the carmakers can see any logic in BBA and Lucas. They want global suppliers that can offer more sophisticated braking products; BBA's friction materials business is just a commodity operation."

He claimed his own record at Varsity had been much more impressive than Mr Quarta's at BBA. Since his arrival in the early 1980s, the workforce had fallen from 88,000 to 10,000, with profits growing by a compound 30 per cent over the past three years.

Mr Rice took control of Massey-Ferguson, the all-terrain tractor company, at the age of 29. The chimney-sweep's son was promoted over the heads of other Massey-Ferguson executives after shareholders decided he was perhaps their last chance.

He justified their faith, dragging the group back from the brink of bankruptcy. He sold the core tractor business, changed the company's name to Varsity and moved its headquarters from

Canada to Buffalo in the US. Mr Rice expanded Varsity's motor parts business by a combination of acquisition and aggressive cost-cutting. Still only 55, he impresses colleagues with his energy, ambition and attention to detail.

Once asked whether it was true he slept only four hours a night, he denied it - the correct figure was four hours 23 minutes. The chairman of a British motor parts company calls Mr Rice "a tough egg", saying: "His style at Varsity is tough, cheap and cheerful."

Last week he tried to reassure Lucas shareholders - who will own 62 per cent of the enlarged company - that he would not embark on slash and burn exercise. He envisages only modest redundancies - about 600 in a workforce of more than 50,000.

He expects cost-cutting and increased purchasing power to deliver £50m of savings in the first year after the merger, rising to £85m in the second year. Tax benefits - achieved by setting Lucas's accumulated tax losses against Varsity's profits - will bring an estimated £85m over three years. Mr Quarta thought this derisory. He



There have already been three film versions of *The Hunchback of Notre Dame*, Victor Hugo's 19th-century novel about Quasimodo, the deformed cathedral bellringer. The latest version will open in the US next week - featuring talking gargoyles, a hero named Quasi, and the actress Demi Moore as the "voice" of Esmeralda, the heroine.

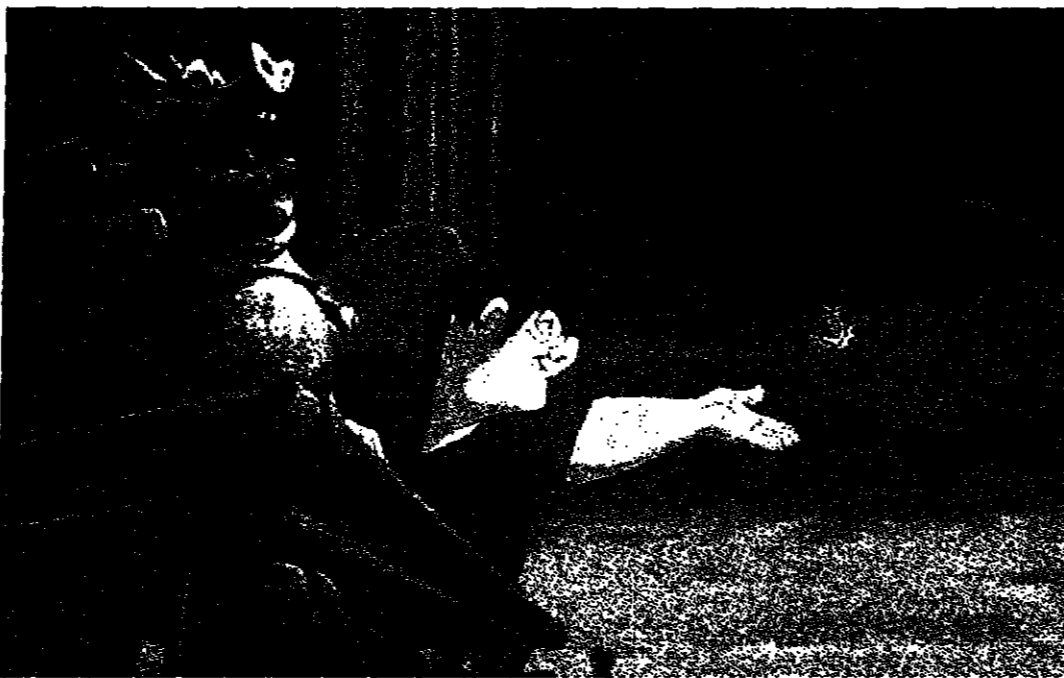
Unsurprisingly, the new celluloid *Hunchback* is the work of Walt Disney which has spent \$50m (£32.2m) on the project, its 34th animated feature film. With favourable advance reviews and previous Disney animated hits such as *The Lion King* and *Pocahontas*, it seems set to be a success - not least because it is the only expensive animated feature due out this summer.

Yet Disney's days of dominating the animation field may be numbered. Rivals such as Warner Bros, Turner Films, 20th Century Fox and DreamWorks, the new studio co-founded by Jeffrey Katzenberg, the former Disney executive, are building new animation units to challenge its market leadership.

Variety, the US film industry magazine, estimates that Hollywood studios, including Disney, invested \$500m in new animation facilities last year alone. The catalyst is the commercial success of past Disney animated films - not only at the box office, but in the lucrative video and merchandising markets.

Animation has been one of the keys to Disney's corporate revival since Mr Michael Eisner became chairman in 1984. His strategy of re-releasing the company's animated classics such as *Dumbo* and *Snow White* has been highly profitable, not least because Disney has been re-releasing existing material at a time when Hollywood production budgets have escalated. The 30-year-old *101 Dalmatians*, for example, took more than \$60m in US cinemas when it was re-released in 1991.

Mr Eisner and Mr Katzenberg, his then number two, also initiated a policy of making one new animated feature film each year. Five of the animated features Disney has released in the 1990s have already together made more than \$1bn at US cinemas - *Beauty and the Beast*, *Aladdin*, *The Lion King*, *Pocahontas* and *Toy Story*. Like



Taking flight: Disney's animated version of *The Hunchback of Notre Dame* is set for commercial success

Disney faces rivals who are quick on the draw

The animation giant's new film is set for success but other studios are challenging its dominance, says Alice Rawsthorn

their predecessors, each will eventually earn yet more money on reissues.

The same films are also highly profitable because they have huge appeal for children, a lucrative target for all entertainment products, from video games to pop music.

Disney animation tops the video charts. Having taken \$313m at the US box office since its 1994 release, *The Lion King* has also sold 54m cassettes worldwide. *Snow White*, the first Disney feature cartoon made in 1937, has sold 45m. And Disney makes yet more

money from royalties on the sale of merchandising such as *Beauty and the Beast* costumes and *Pocahontas* figures. This popularity recently helped clinch a \$1bn 10-year deal with McDonald's, the fast-food chain, which will reduce its marketing expenditure. McDonald's will feature the studio's films and characters in its advertising in return for exclusive merchandising rights.

Other studios have tried to replicate Disney's success with their own animated films. But animation has traditionally been a painstaking process with skilled artisans colouring pictures by hand, and Disney's

Paris. Disney constructed a "virtual hallway" of two rooms in the two centres, linked by two-way cameras to link the animators in both cities.

Disney's rivals are now investing in new technology hoping they will be able to erode the advantage of Disney's skill base. And Mr Katzenberg of DreamWorks has recruited some of the most talented animators he worked with at Disney by offering generous packages. His deals include seven-figure salaries and lucrative bonus schemes, whereby all the animators working on a film can share 10 per cent of its total revenue, including merchandising royalties.

These packages have revolutionised the lot of animators, or "pencils" as they are called. They have historically been the poor relations of the film industry - except for the fortunate few that owned the rights to their characters, such as Walter Lantz, who created Woody Woodpecker, and Frelz Freiling, the Pink Panther's inventor.

Disney's market dominance left animators in a weak negotiating position and the industry tended to stereotype them as talented obsessives who were content to live on low salaries for the opportunity to work at Burbank.

Other studios, notably Warner and 20th Century Fox, have followed Disney's lead by recruiting Disney talent with lucrative packages. For the first time animators are hiring Hollywood talent agents and lawyers to auction off their skills to competing studios. Warner recently assembled a team of European pencils to staff a new animation unit in London's Covent Garden.

The fruits of the new state-of-the-art animation facilities constructed by Disney's rivals - and the work of the new generation of highly paid "pencils" - will appear in cinemas this autumn when Warner unveils *Space Jam*. Next summer Disney's *Hercules* will face direct competition from 20th Century Fox's *Anastasia*.

Battle will recommence the following year when *The Prince of Egypt*, DreamWorks's first animated feature, hits the screen and Mr Katzenberg discovers whether he has succeeded in wreaking havoc for his old employer.

An empty seat at the talks in Stormont

Negotiations on Northern Ireland's future are threatened by Sinn Féin's absence, says John Kampfner

We have been here many times before. The efforts at Sunningdale, Stormont and elsewhere to get Northern Ireland's parties to come out of their laagers and talk about a new settlement have come to naught. So what is different about the negotiations that will begin in Belfast on Monday afternoon?

Northern Ireland has had peace for nearly two years. For all the punishment beatings within the Roman Catholic and Protestant communities - paramilitary thugs administering "justice" to miscreants - there have been no bombings and only the odd, mainly crime-related, shooting.

But the peace is fragile and does not extend to London, where the IRA has resumed its bombings. Mr John Major and Mr John Bruton, the British and Irish prime ministers, have given a series of concessions to the IRA and its political wing, Sinn Féin, in an attempt to woo them back into the political process. Yet they have not had any success on the one remaining condition that Sinn Féin must meet if it wants to join next week's all-party talks - the restoration of an IRA ceasefire.

Barring a last-minute change of heart by republican leaders, the talks will therefore go ahead without the most pivotal player, leading a senior Irish official to suggest the negotiations will not be worth a "penny candle".

Both governments hope that sometime down the line the IRA will think again. Mr Major and Mr Bruton will open the first session in a small conference room in Castle Buildings, in the grounds of the government headquarters at Stormont Castle.

Elections were held on May 30 to set in train two related sets of discussions, and the 10 parties which performed best were deemed to qualify for both. Each party will select delegations to the all-party talks on future political arrangements for Northern Ireland. They will also sit in a 110-seat forum designed to build confidence across both communities. Participants will include the two main Unionist groups, the Ulster Unionist party and Democratic Unionist party, as well as the moderate nationalist SDLP, the non-sectarian Alliance party and two groups representing Protestant paramilitaries.

Sinn Féin will be refused entry to the political talks in spite of coming fourth in the election with 15 per cent of the vote - its largest share since the start of the so-called "troubles" 25 years ago.

The exasperation felt in Dublin and London at Sinn Féin's recalcitrance has increased the closer the talks have come. As a senior Irish official put it last Thursday, when the agenda for the talks was announced: "We've done everything in our power to bring Sinn Féin back into the fold. If they don't take this up, it makes you wonder whether they were ever serious about the peace process. If they're not, then we're all lost."

The big question, which no republican has fully addressed in public, is: what does their movement have to gain from peace?

The parameters of the talks are clearly defined by the joint framework documents signed by Mr Major and Mr Bruton in February

When economists blow hot and cold

Retailers are watching the weather - and their stocks, write Gillian Tett and Christopher Brown-Humes

As temperatures soared across the UK this week, Hozelock, a garden equipment manufacturer, had reason to worry. The group has 70 per cent of the UK garden watering market, and while relishing the prospect of thirty gardens it also dreads the possibility of bans on the use of hoses and sprinklers to save water this summer.

For the moment, Hozelock executives can only watch the thermometer and hope. But for the first time the company is considering buying weather forecasts to allow it to plan ahead for possible swings in demand.

That may seem a logical and unremarkable move, given the notorious changeability of the UK's weather. Yet it is surprising how slowly companies and economists have got to grips with the British public's favourite talking point.

In recent weeks a plethora of businesses have blamed the weather for worse than expected profits. Sketchley, the dry-cleaning chain, for example, attributed a fall in customers to last summer's hot weather. The food manufacturer Hilldown claimed that high temperatures had hit its sales of biscuits and drinking chocolate. Marks and Spencer, like many other clothing retailers, complained that the hot weather last autumn made it harder to sell its winter stock: £50m worth of goods were later sold at reduced prices. And construction companies have warned that the

recent cold weather could harm their profits in the first half of this year by having hampered building work.

Economic forecasts seem as vulnerable to the weather as company profits. Mr Leo Doyle of brokers Kleinwort Benson calculates that in the second quarter unusual weather will push up gross domestic product by about 0.3 percentage points. This is partly because construction companies will be trying to make up for lost time, and partly because the cold spring should boost energy consumption. Retail sales also tend to perform better in cool weather in spring and summer, he says.

Last summer retail sales slowed sharply, triggering talk of a "feebad" factor. Manufacturing production, meanwhile, was rising. Both may have owed something to the weather: shoppers were reluctant to visit shops during a heatwave to buy furniture, and the production of drinks and ice cream soared.

But there is remarkably little research about the relationship between weather and the economy. Economists only pay attention to the weather to estimate inflation and energy consumption. The drought last summer, for example, raised food prices, and the recent cold, dry May could do the same. Mr Geoffrey Dicks of the securities group NatWest Markets says: "I am



assuming that next week's inflation data will show a 4.7 per cent monthly increase in seasonal foods because of the weather."

But the UK Treasury does not use weather data for its economic analysis. Economists seasonally adjust data to take account of normal swings, but their models generally assume that each year will be like the preceding decade and so do not allow for any unusual changes in the temperature.

The Meteorological Office is trying to change this, not least because it is under government pressure to generate more revenue. Mr Roger Hunt, its sales director, is trying to sell forecasts to everyone from government officials and insurers to futures traders in the City and retailers.

For retailers, the benefits of predicting the weather could be substantial, especially with "just-in-time" stock management systems. According to Weather Initiative, a Met Office business unit which provides companies with forecasts, one supermarket manager estimated the savings from reduced wastage and better stock management of products from soft drinks to pre-packed salads and ice cream at £3,000 a week in one store alone - or £70m a year for a 500-store chain over 52 weeks.

In spite of its bad experiences last autumn with winter clothing, M&S believes forecasts are more important for its food business than for clothes. "Short-term forecasts are very useful but we would have to be convinced about the accuracy of longer-range forecasts," it says.

Mrs Vivienne Ballentine of the Weather Initiative insists that demand will grow. "People have always accepted that weather makes a difference to sales, but have never thought they can do anything about it. That is changing," she says. Among the success stories it cites is that of a high street retailing client which sold an extra £1m worth of T-shirts one August because it built up stocks on the basis of forecast that the weather would stay hot.

Nevertheless, these cases remain the exception rather than the rule. For although the Met Office suspects that the weather will cool down soon, by yesterday some London shops had already run out of sun cream.

CURRENCIES AND MONEY

MARKETS REPORT

Dollar steady

By Philip Gawth

The long awaited May Tankan and US payroll reports came and went yesterday without providing the dollar with any fresh trading direction.

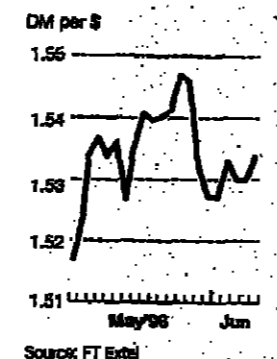
To a certain extent, the two reports affect each other: the Tankan survey of Japanese business conditions was stronger than expected. This put a dampener on the dollar, with some traders believing it increased the case for tighter Japanese monetary policy.

England's surprise 25 basis point cut in UK interest rates. The trade weighted index finished at 86.1, from the previous close of 86.1, and 86.4 before rates were cut. The pound closed at DM2.3657, from DM2.3678, and at \$1.5417, from \$1.5409.

There was little change to the price of most European currencies. The implications of the pay-backdrop.

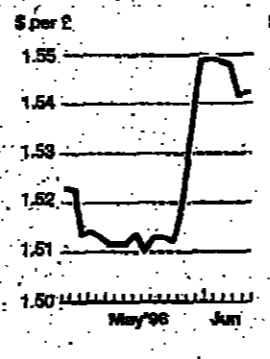
Mr Avinash Persaud, currency strategist at JP Morgan in London, took a different view. He said the message of the report was "unambiguous", with the rise in hourly earnings an issue that would particularly trouble the Fed. He said a rise in interest rates was possible as early as the July meeting of the FOMC, but feeling that would probably be seen in August.

Dollar



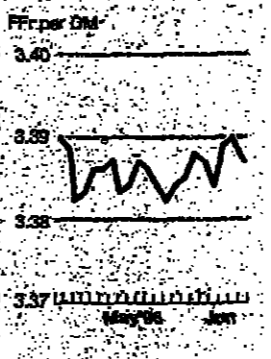
Source: FT Data

Sterling



Source: FT Data

D-Mark



Source: FT Data

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for currency, closing mid-point, change on day, bid/offer spread, days' bid/offer, one month rate, three months rate, one year rate, and bank of origin.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for currency, closing mid-point, change on day, bid/offer spread, days' bid/offer, one month rate, three months rate, one year rate, and bank of origin.

cause problems for the dollar because it would weigh on bond and equity markets, leaving the US a less attractive investment destination. In the medium term, though, he said this would probably help the dollar because markets had not fully factored in the prospect of higher US rates. He predicted the dollar could enter a fresh \$1.55/£ trading range.

Mr Chertkov has a similar forecast on different reasoning: he believes the German economy is still very weak and hence that the Bundesbank

will trim the repo rate, supporting the dollar. But he added that if next week's US data saw strong industrial production figures bolstered by a sizeable gain in retail sales, "then the market will be fuelled in the belief that it will see a tightening of policy."

Others, however, never convinced by sterling's rally, are saying that "the party is over."

CROSS RATES AND DERIVATIVES

Table of cross rates and derivatives including exchange rates for various currencies and futures prices for D-Mark, Japanese Yen, and Swiss Franc.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various countries including Netherlands, Belgium, Germany, France, Italy, Greece, Spain, Portugal, and Denmark.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies, including Adam & Company, Bank of London, and others.

UK INTEREST RATES

Table of UK interest rates for London money rates, three month sterling futures, and short sterling futures.

THREE MONTH STERLING FUTURES (LFFE) 250,000 points of 100%

Table of three month sterling futures prices for various months from June to December.

PHILADELPHIA SIX 2/8 FUTURES \$21.250 (cents per pound)

Table of Philadelphia Six 2/8 futures prices for various months from June to December.

WORLD INTEREST RATES

Table of world interest rates for various countries including Belgium, France, Germany, Italy, Japan, and others.

LIBOR FT LONDON

Table of LIBOR FT London rates for various currencies and terms.

EURO CURRENCY INTEREST RATES

Table of Euro currency interest rates for various currencies and terms.

THREE MONTH EURO CURRENCY FUTURES (LFFE) DM1m points of 100%

Table of three month Euro currency futures prices for various months from June to December.

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Weekend FT



Why soccer is still scoring

Simon Kuper wonders if 'Ode to Joy' might be the overture to an English feel-good symphony

Exactly 30 years ago at Wembley, Harold Wilson, then prime minister, asked if he could be interviewed by the BBC at half-time of the World Cup final between England and West Germany. The BBC refused.

England won a great match, and afterwards Wilson contrived to be photographed with the team, earning a rebuke from Sir Stanley Rous, head of the Football Association. Four years later Wilson lost the general election. He blamed it on England's defeat by a new West German side in the Mexican World Cup.

Soccer still matters. If England wins Euro 96, many believe the European football championship which starts today could help revive the feel-good factor.

As for Tony Blair, the Labour leader said in a long Sunday newspaper article he was "looking forward to Euro

96 with unbounded enthusiasm".

A Brazilian anthropologist explained to me why soccer matters so much. "Maybe it's the same for Englishmen too," he said. "When our national team plays, we feel that the identity of our country is being played out on the field. Our values are being shown to the world." The team - more alive than the flag or gross domestic product - is the nation. What it does is shape the way people think about their country. As the Mexican goalkeeper Jorge Campos said at the last World Cup: "Mexico attacks. That's what Mexico is."

So what do the 11 men in ugly shirts who meet Switzerland today tell us about England? For a start, most people feel they sum up nicely the national decline. The players must be getting fed up with the contracts being drawn with 1996. Some newspapers have taken the pictures of the team

celebrating after that famous final and superimposed the head of David Platt, the current England captain, on to the body of Bobby Moore, the captain in 1966. The effect is parody.

Comparisons with 1966 abound after some England players had apparently got drunk and destroyed two television screens on a Cathay Pacific flight to the UK from Hong Kong last month. It was initially thought that Paul Gascoigne was to blame, and various Tory MPs said he should be banned from Euro 96. Newspapers wheeled on former players to say that no one had behaved like that in their day. Sir Alf Ramsey, manager of England in 1966, said he would have kicked Gascoigne out. Most people have short memories. Moore and many of his contemporaries were also famous drinkers. But in 1966, everything was better.

Thirty years on, no doubt, Gascoigne will be giving "in my day" speeches on television. It now looks as if he was not involved in the TV-wrecking, but as Harry Pearson writes in his book *The Far Corner*, Gascoigne always fig-

ures in that favourite debate, "The Decline of Standards of Personal Behaviour in the Modern Era".

The England team - pictured in shredded shirts in a Hong Kong nightclub - stands not just for the nation's moral decline, but also for its perceived post-Suez slide into incompetence. Just as the British economy is thought to have slipped since the days of Bobby Moore, so in Hong Kong England were lucky to beat a team of middle-aged has-beens 1-0.

Prime minister John Major wonders why people feel so bad about their country, in spite of the healthy economy. One reason is that key symbols of the nation have become tarnished: people laugh at the royal family, and the England football and cricket teams commonly lose to Norway or Sri Lanka.

Most people feel the England team sums up nicely the national decline

The impression that England is second rate extends even to music: the BBC's theme tune for Euro 96 is the "Ode to Joy" from Beethoven's Ninth Symphony. As various Conservative MPs have pointed out, the composer was a German.

How to revive English football? Politicians still debate whether Europe is good or bad for us, but in football the ideologies stand or fall quite fast by

results. The England team reached its nadir under Graham Taylor, manager from 1990 to 1993, who believed they should play the traditional long-ball game and ignore European influences. His team did so badly that Taylor was often likened to Major.

Terry Venables, the new coach, is a Europhile. A former manager of Barcelona, he cites Ajax Amsterdam as his main influence. In Euro 96 he is likely to copy best Continental practice by playing three men in defence rather than four.

has failed. Tony Blair wrote: "At last England are playing a game which is suited to international football, rather than trying to play long-ball football against people who are too good for it."

The Labour leader knows that - irrational as it may be - many people understand a nation's political debates through football. Soccer, after all, figures far more in workplace talk than does the single European currency. Half the British population watched England lose to West Germany in the 1990 World Cup. And since the team is the nation, soccer is a no value-free zone. It affects the way people think about their country.

The trappings of the side matter too. England is now officially "The Green Flag

In football the ideologies stand or fall quite fast by results

England Team", after the car breakdown company Venables, its coach, features frequently in court cases. Its players not only cause damage to airliners but do so while sipping complementary alcoholic drinks in business class - perhaps what caused the greatest public outrage.

Trevor Phillips, commercial director of the Football Association, is purported to have sold Euro 96 tickets through unauthorised channels. His fellow men in blue blazers and club ties - most of them pensioners - made a muddled response to this news. Soccer nicely sums up the idea that the "old farts" (as Will Carling, the former English rugby captain, referred to his league's hierarchy) have put the country up for sale.

"The Third World is just six hours by boat," say the Dutch. The squads bringing their own beef to Euro 96 rub it in. "I know that some people will laugh at me because I am too fussy," sighed one team chef. It is a reverse of the Mexican World Cup of 1970, when the England side insulted the locals by bringing their own food - even the eggs.

The team is the nation, but so are its fans. There are few occasions other than sports matches when large numbers of people dress up in their national colours, sing the national anthem and urge on an entity called England against an entity called, say, Germany. And the most visible

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Joe Rogaly

A pox on the planet

'We hypochondriacs look after ourselves, no one else'

W e hypochondriacs are not easily reassured. Quote statistics, philosophy, natural common sense as much as you please. We shall continue to shuffle through life in the spirit of the late Howard Hughes, taking refuge in darkened rooms, wearing Kleenex boxes as slippers, washing, disinfecting, avoiding contact with prisons, viruses, bacteria, protozoan parasites, fungi, worms.

They are all out to get us. They disguise themselves with fiendish cunning. One day it is mad cows, next morning it is something unpronounceable in baby foods. Yes I know the latter is a chemical. It could as easily be a bug. Sooner or later, mark the words of one of the professors I have been consulting, a devilish new plague will come along, bearing the killing power of ebola with the infectiousness of flu. Ebola? A lethal haemorrhagic fever. We need not dwell upon details.

Dwell, however, upon this: last year some 53m people died. This is a large number, but the striking thing about it is that it is just about the same as the number of deaths on the planet in 1960. During those 36 years the global population has almost doubled. One up for science.

Yet nature is striking back. You may have imagined infections had been wiped out by

antibiotics. Not so. Smallpox has been vanquished, polio nearly so. Leprosy could be next. End of success story. Of the 1995 mortalities, about 17m were caused by an infectious disease of some kind, a quarter of those by respiratory illnesses such as pneumonia.

The other big killers were diarrhoea, TB, Malaria and hepatitis. Most of the victims were children under five in poor countries. As the World Health Organisation reminds us, we have the power to curtail this decimation of the infant population. We should use it. Slim chance. The western mind is more interested in HIV/Aids. That wiped out 1.1m people last year, according to Francis Cox, quoting the latest health report from the WHO.

Professor Cox occupies the chair of parasite immunology at King's College, London. He is one of the speakers at a seminar on "Utopia: a disease-free world?" scheduled for today. The organisers, Saros, kindly invited me, but alas, I shall be in my own utopia, trimming the honeysuckle. When he gives his talk the professor will run through the WHO numbers, and tell the tale of the opportunistic organisms to which we act as host and hostess.

He suspects that humans are not the final product of evolution. That list I set out above, prions to worms, is his

formulation: it runs in ascending order of size and complexity. Human cells have evolved under the influence of various micro-organisms, he says. No bacteria etc, no us. I think what he is getting at is that it is pointless to attempt the complete eradication of disease; we should rather learn to live within our symbiotic relationship with the tiny beggars.

All you want to do when illness strikes is kill the microscopic invaders

talking about such an abstract entity as the global population, the Cox thesis sounds viable. He would support public health measures such as encouraging people to live more sensibly, or improving the environment in crowded cities. If, however, you are thinking about yourself or a loved one, all you want to do when illness strikes is kill the microscopic invaders, using whatever antibiotics or chemicals seem likely to work.

It is not clear where another seminar participant, Oliver Leaman, stands. Perhaps that

is because he is a philosopher. Mr Leaman, a reader at John Moores University, Liverpool, tells me that Plato argued that in a utopian society people would so regulate their diet and behaviour that they would not fall ill. Sounds familiar. We in the west are ever trying to do that, though we fail. Aristotle, says Mr Leaman, accepted disease as part of normal human life, although he preferred us to be fit. Just like the prof.

You might suspect that all of the above is a lead-in to a tirade, common enough these days, to the effect that we worry too much about our bodies and our state of health, that the west is obsessed with fending off mortality, maintaining youthfulness for as long as possible, fixing every part of the physiognomy that breaks. The risk-reward equation is all out of kilter, runs this familiar argument. Take mad cows. Some 70m Germans appear to be terrified of a brain-rotting disease that is contracted by fewer than 100 people a year. Surely that is absurd?

As a generality it is. When it comes to the particular German who declines to buy British beef, that is one individual's choice. There is no unanswerable rule. We are, or should be, in two minds about science. We acknowledge the amazing miracles it has

worked, but, if we are sensible, we also keep a beady eye on the damage it can do. When scientists first identify a new disease or a new cure they are guessing. They are never sure they are right until they have used us as laboratory specimens.

Too many scientific researchers are morally neutral. You can picture them easily. They run out of their laboratories shouting triumphantly and waving papers on new pesticides, additives, chemicals that leach through from plastic containers into the food chain. It is all in the name of science they say.

The chairman of today's seminar may disagree. Anthony Campbell, professor in medical biochemistry at the University of Wales, questions whether you can just do the science and leave it at that. No. You must take ethics and economics into account.

Do we? Those of us who live in rich countries enjoy the luxury of debating risk-reward and the philosophical significance of disease. We run to our doctors when we feel the need to. We shiver at the news of meningitis. We may wonder whether cryogenics will save our billionaires for posterity. Obvious to the deaths elsewhere, we calculate the cost of health insurance. We hypochondriacs look after ourselves, no one else.

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PERSPECTIVES

Bioinformatics: the jobs of the future

Clive Cookson says those who combine IT skills with biology or chemistry will remain in demand

The Nature of Things

The uneven growth of science and technology leads inevitably to shortages of trained scientists in fields that are racing rapidly ahead and surpluses in others that are stagnating, because the educational and training systems cannot adjust quickly enough. One of the biggest manpower shortages today is in bioinformatics, the area in which biology meets computer science. The discovery of new genes - linked to a myriad of conditions from obesity to breast cancer, schizophrenia to criminal behaviour - receives a lot of publicity. People write and broadcast about many aspects of the genetic revolution, from ethics to science, but they hardly ever look at the computing skills required to make sense of the deluge of information pouring out of the world's gene research labs. Genetics is generating thousands of times more data than biologists have had to handle before. And bioinformatics is the key to mak-

ing sense of it all and turning it into medical knowledge. "Biology is becoming a data-intensive science, in the same way that physics did almost 50 years ago when it became clear that computers would be needed not only to store information but also to process it," says David Searis, recruited from the University of Pennsylvania to become bioinformatics director of SmithKline Beecham, the Anglo-American pharmaceuticals giant. SB has led the rush by the drug industry to build up expertise in bioinformatics. More than any of its competitors, SB has staked the future of its research on genomics - the study of genes and the way

they interact with one another and with the environment to cause disease. It made a pre-emptive strike in 1993 with a \$125m deal to acquire a stake in Human Genome Sciences, a Maryland biotechnology company that controls the world's largest human genetic database. The bioinformatics department at SB already contains 33 scientists and engineers, and Searis plans to double its size within the next year. In an impressive coup, he has just brought in three of the leading figures in the field: Chris Rawlings, former head of informatics at the Imperial Cancer Research Fund in London; Jim Fickett, a senior computational biologist at the US

government's Los Alamos National Laboratory; and Randy Smith of Baylor College of Medicine. In the public sector, the EU-funded European Bioinformatics Institute in Cambridge - an offshoot of the Heidelberg-based European Molecular Biology Laboratory - has managed to build up its specialist staff to about 70. "There's a great shortage of people, partly because a lot of organisations are simultaneously seeing the need for bioinformatics and partly because the skills required are changing so fast," says Graham Cameron, head of services at the EBI. "Being an international organisation we can at least half-way compete."

From Cameron's perspective, "the pharmaceutical companies all know that they want bioinformatics and they know they want a lot of it, but they don't quite know what they want to do with it. I think some of the uncertainties will crystallise out over the next 18 months or so." At SB, Searis knows he wants to proceed on a broad front. His department will concentrate on: ■ Search and analysis, including new mathematical techniques for finding patterns in data; ■ Knowledge management, including ways to integrate information from different databases; ■ Mapping and genomics, including approaches to identifying the

genetic components of complex traits; ■ Sequence/structure/function, including rapid methods to predict the biological function of a gene from its DNA. The mainstream computer and information technology companies are only just beginning to take an interest in bioinformatics. "There's a huge vacuum there," Searis says. Therefore, SB cannot "out-source" bioinformatics to specialist IT suppliers, as companies do in more mature industries such as financial services where the requirements are better defined. Bioinformatics and genomics help drug discovery by giving researchers a huge number of new

biological targets, such as enzymes whose over-activity causes disease. The companion activity is combinatorial chemistry - a new technology for creating a vast diversity of new molecules as drug candidates for testing against the targets. The next step may be to combine the two approaches, so that pharmaceutical researchers can test many thousands of drug candidates at the same time for their activity against several targets. Keeping track of such an operation world, of course, require yet more computing power. All manpower shortages correct themselves in the end. But it seems safe to predict that people who combine computing and IT skills with biology or chemistry are going to remain in demand for a long while. For an undergraduate scientist searching for a field in which to specialise, I cannot think of anything with better job prospects than bioinformatics or - to coin a new term - cheminformatics.

Minding Your Own Business

Modeller finds it hard to duck out

Clients will not let Val Bennett shed his hobby, writes Clive Fewins

Back in January, Val Bennett thought that, as he reached the age of 73, 1996 should perhaps be the year finally to wind down his craft business. Then, early in March, an order from the US for 30 of his bronze miniature duck models came in the post. The customer, a private collector from Georgia, enclosed a dollar cheque in part-payment. "As the order was worth \$4,000 - almost half my annual turnover nowadays - and the client aged 81, I thought I ought to get on with it immediately. One becomes rather conscious of time slipping away as the mid-seventies approach," said Bennett, who took up modelling as a hobby when working at the De Havilland aircraft company in 1946 after serving as an observer in Firefly aircraft during the latter stages of the second world war. Producing finely detailed miniatures of about 45 species of duck in a variety of materials has been Bennett's business for the last 23 years; for the past three, he has not actively sought new orders. However, every time he thinks he can safely slip away from his home near Brecon, Powys, for a day or two's painting, shooting or fishing, another order arrives. Inevitably, it is a rush job for a gift, or a special for a client in some odd corner of the world, and he feels he cannot refuse. When in his 40s, Bennett was sales director of a company making control devices for the aircraft industry. But at 50, he was an unhappy man. A series of takeovers and amalgamations meant he had been moved from Merthyr Tydfil, where he had worked for 14 years, to Somerset. He missed Wales, his family and his home, which he did not want to sell. "I realised I no longer saw eye to eye with the company management and I decided to jump," said Bennett. "I was not running the duck modelling as a business but I had sounded out the London-based buyer for a number of American stores. He had seen and approved of



Duck or grouse? Val Bennett with his model ducks

How Evans

some small wood and clay models I had made of British and North American species of duck and it looked as though I had found a market." Bennett also managed to sell some lead versions of his miniature ducks to a leading London retailer of sporting goods and trophies. In 1973, he negotiated to leave his company with a pension of £2,000, plus an arrangement to act as a consultant for three days a week for six months. He has been hoping somebody will come along and make him a similar offer so he can enjoy more of his leisure activities and the duck miniatures can stay in production. However, apart from a brief flirtation in 1991 with the company making Coalport china figures, this has not happened. "I suppose the main problem is that, having been a salesman most of my life I enjoy getting orders," Bennett said. "I find it rather flattering that people in so many countries still want to buy my miniatures, so I carry on gently." "However, there is also the fact that the painting and finishing work is very labour-intensive. Although I feel I have made a good living - and a very enjoyable one - from the miniatures, it takes a particular type of person to undertake the work. Perhaps that sort of person no longer exists. "Larger companies like Coalport would probably find that the amount of hand-finishing pushes the finished articles up to an uncompetitive price, which is one reason why they abandoned the negotiations. However, I am convinced the ducks would look very good cast in fine china rather than bronze." Over the years, Bennett has extended his range and had his moulds cast in a variety of materials, including silver and silver-plated bronze. Until 1988, he sold his standard range in polyester resin at home. Nowadays, all the ducks are made of bronze, so casting takes place in a foundry. "Thirteen years ago, Bennett added a limited edition range of models of five pairs of larger-scale ducks in order to

achieve higher margins. He still makes them. The most expensive sell at £700 a pair as opposed to £100 for the cheapest duck miniatures in the standard range. For 20 years, Bennett has sold all his ducks directly rather than to the retail trade. About 90 per cent go overseas. Apart from employing part-time staff to help with the finishing, Bennett has resisted large-scale expansion. "In a sense, this was forced upon me. Over the years, I have been unable to find any one else with the level of skill needed for all the painting and finishing work," he said. "Most

of the people I have employed did not want to stay beyond a few years. Training takes so long that I have always taken the view that I should train people only to the extent that, if they leave, I can find a replacement. "An alternative would have been to involve more people by lowering quality and increasing volume. But I rejected that idea many years ago." Bennett remained with ducks because he has always found a ready market. "Ducks are loved by people the world over. They are everlastingly popular. Another reason for sticking to ducks is that one of

the best places in the world to see all manner of species is Slimbridge, which is little more than an hour away by car. A further reason was that business was good. In the mid-1980s, Val Bennett Miniatures was turning more than £26,000 and achieving 30-40 per cent profits before tax. "Nowadays, none of my three children is interested in taking on the business. So if I want to see it continue, I must find someone to sell it to. It would be a shame if nobody were to continue making my ducks when I eventually retire. Even now, the business is turn-

Dispatches / Keiran Cooke

A trained eye on the north-south divide

Two-thirty on a Sunday afternoon and the Dublin-bound train pulls out of Belfast. A few seats back, a pink-faced businessman uses a Swiss army knife to lift the cork from a bottle of white wine. He looks like a naughty boy scout. The new flats by the Lagan river have a lonely look about them. Glass-topped tables and bamboo balcony furniture are out of place in this dark city. "Do you like it here?" asks the elderly woman in the seat opposite. The question is addressed to a German student. The woman is dressed in a petalled hat and cradles a brightly polished black handbag on her lap. "Yah, yah, Ireland is very good. I like it very much," says the student. It is the politically incorrect answer. The woman looks as though she has just come from the Presbyterian chapel. "No, I mean Northern Ireland," she says. "We like to think we are a little different up here." The student looks perplexed. As we pull into Portadown, there is the sound of more liquid being poured into the businessman's glass. The woman gets off. Portadown is a Protestant town.

On the gable end of a row of red brick houses is a mural of King William of Orange on his white horse. The kerb stones and lamp posts are painted red, white and blue. For locals, they are territorial markers. To outsiders, who live in another century, it makes little sense. Throughout the Troubles, the IRA, striking what it considered to be a blow for Irish freedom, would put bombs on the Belfast/Dublin line. There were numerous hoax calls. Passengers would have to climb off the train on a bus. One winter night we were taken round the back roads of the border. We demanded that the bus stop for the lavatory. We pulled up outside a pub. It took an hour for everyone to get back on board. Then we headed off over the border for the town of Dundalk. "I've never been this far south before," said the driver. To him, it was like driving into Albania.

These days the train canters past the back of the army checkpoint at the border, all heavy green metal and ugly concrete bollards. A helicopter clatters overhead. There is an army watch tower on the hill above. Travelers say the army can see what you are reading. "Mind what you say now," a man whispered to me once. "They [a big wink and a thumb pointing

He twiddles his toes, looking as if he is seeing them for the first time

upward] can hear every word." The houses in the green hills by the border are like small ranches. They have big drives and a look of new money about them. This country is strongly republican. Yet, people here have made a substantial living from the division of Ireland, smuggling goods and livestock across no-man's-land. It is just one more irony in this strange little conflict. Past Drogheda, the country is flat with the blue line of the sea on the left. The businessman is snoring gently. Trains allow you to look at the other side of peoples' lives. There is a neat vegetable garden with a bird table with a little windmill attached. Next door there is a discarded refrigerator, a chair with three legs and a pram with no wheels. We go through Skerries. Flann O'Brien, one of Ireland's most comical writers, once told of how James Joyce was found working as a barman in the town. Joyce was writing religious tracts in his off-hours - and was horrified to hear of the success of *Ulysses*. The backs of more houses. A red-faced man sits on the kitchen step in the late afternoon sun, giving his feet their first open-air outing of the year. He twiddles his toes, looking as if he is seeing them for the first time. We pass over a lagoon into Malahide, then Howth. The sea is close now. Families are on the beach. A kite loops overhead. It all has an old-fashioned air about it. You expect to see Wolsleys and Rileys parked in a row. We come into Connolly station, the Dublin terminus. Once, Connolly was a sad place, where emigrants would queue for the train to the east for England and elsewhere. There are few wet handkerchiefs on the platform these days. Now, people can fly back for the weekend. A red setting sun lights the roof. "We're there now, sir," says the guard, shaking the businessman awake. "Ah yes, Belfast, No. Dublin. Very good, very good." He pushes the cork back into the empty bottle.

Worldwide, soccer keeps on scoring

Continued from Page 1

because, when they accompany England, they appear to represent the nation. After all they wear Union Jack vests and sing, "We are England". When some of them were arrested in the 1980s for assaulting people abroad, they were condemned by Margaret Thatcher, then prime minister, they were genuinely upset. "We were doing it for her," they explained. "It's just like the Falklands." They are keenly aware of national history. "Two world wars and one World Cup, doo-dab!" as they chant at German fans. They see themselves as emissaries of a warrior nation. Strip out the swear words and finish the sentences, and they can sound rather like Tory Eurocrats. Few other European nations see themselves as warrior

nations: no Italian fan with a sense of recent history could manage that. The Dutch and the Danes pride themselves on their ability to party. Dutch fans paint themselves orange, and the Danes call themselves "Rolgians". Scotland fans, famous hooligans in days past, have become peace loving in recent years. Sociologists believe this is because they are defining themselves against the England fans. Of course, other nations have hooligans. But they tend to follow club teams, as the national side offers too soft an image, and they usually model themselves on English fans. In Croatia last year I met Darko, leader of Dynamo Zagreb's hooligans and a devoted Anglophile. He wears a Union Jack tattoo on his arm.

Darko spent much of the 1980s sitting in Zagreb's British Council building reading reports about English hooligans in the British press. He fell for Chelsea because their fans seemed to be involved in 90 per cent of the trouble. Over a pint of Guinness he said in perfect English: "Chelsea: good mates, good fighters. I like the English supporter, because he likes his club very much. It is really the most important thing in the world to him." Darko is attending Euro 96, staying with hooligan pen-pals in Sheffield. But he comes not to fight English fans but to learn from them, like a disciple visiting his guru's ashram. Hooligans aside, English fans have shown little interest in Euro 96.

Ticket sales have been slow, and this week seats were still available for matches including the Wembley quarter-final, to be played on a Saturday and likely to feature England. Ladbrokes said last weekend that since England's game against the Hong Kong Golden Select XI, they had not taken a bet on the English side to win the competition. The domestic league title run-in between Newcastle and Manchester United, and the FA Cup final generated a lot more talk and interest. United beat Liverpool thanks to a goal by the French genius Eric Cantona. Dozens of United fans waved French tricolors at the final. It was an unpatriotic gesture, and they did not seem to mind.



Hero or bad boy? England's Paul Gascoigne in motion

Chess No 1, 1st: 1. Bd3+, if 2. Oc3 Dc7+, 3. Kc2 Ce1 mate, if 2. Rc3 Ch1+, 3. Kc2 Oq2+, 4. Kc3 Rcc4 mate.

PERSPECTIVES

Lunch with the FT

Cockney rebel turned impresario

Annalena McAfee meets theatre's tough man, Steven Berkoff

Steven Berkoff, crop-haired and dressed in grey and black, smiles as he walks towards our table. It is the benign smile of a Buddha rather than a skinhead's scowl. So far so good.

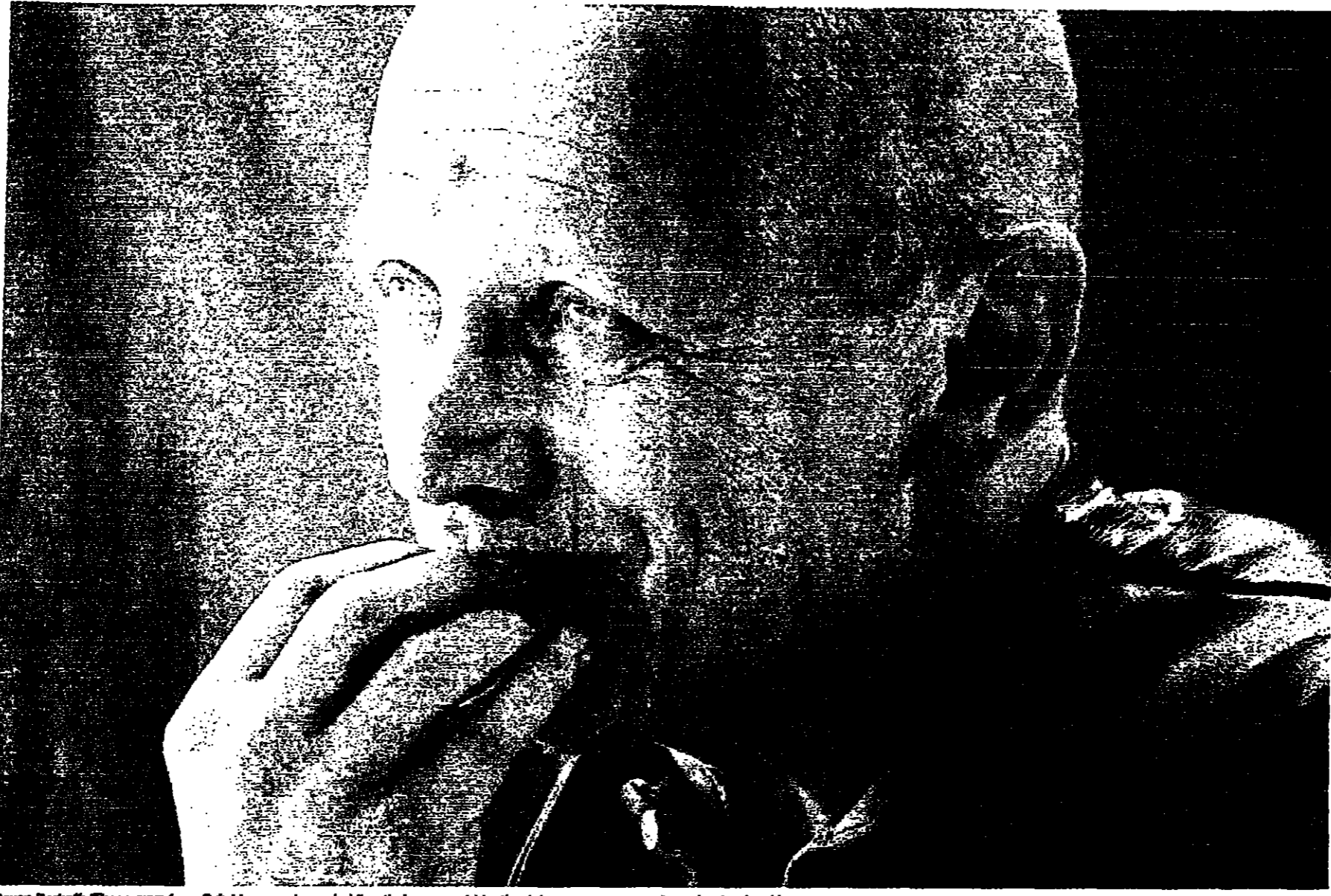
On paper, the prospect of lunch with Berkoff seemed as enticing as tea with Caligula or elevenses with Hamming Lecter. The hard man of British theatre is not an obvious candidate for civilised inter-prandial reflections in a fashionable London restaurant. Berkoff's tough East End background, his contempt for the theatrical establishment, rumours of a monstrous ego and an explosive temperament – his sensitivity to criticism – he made a death threat to one reviewer – all promise a lunch fraught with anxiety and indignation.

But here he is, confounding his reputation, exuding not menace but an air of almost transcendental bonhomie. Those rumours? “Those rumours confuse the part with the actor.” That death threat? A simple misunderstanding. “All human beings are wonderful,” he declares, although as lunch progresses he lists several exceptions to the rule.

The busy actor, writer and director is previewing his production of *Coriolanus*, in which he plays the lead, at the Mermaid Theatre. But a slot has been found in his schedule and we are sitting in the sunshine outside the Cantina at Butler’s Wharf, our view of the Thames framed by the fairy castles of Tower Bridge and the monolith of Canary Wharf.

“I used to swim there,” he says, indicating a strip on the north bank. “The river must have been filthy but I survived.” Today, the former Cockney street urchin, at 59 one of the oldest *enfants terribles* in show business, lives down river in a swanky Thames-side apartment with the pianist Clara Fischer.

He has mortgaged their home to help finance the re-launch of the Mermaid, which has fallen into disrepute since its glory days under founder Sir Bernard Miles. Some actors speak of “the curse of the Mermaid” and the theatre has sunk the dreams of others who have attempted to revive its fortunes. Undaunted, Berkoff is funding an ambitious season which will include Mickey Rourke’s stage debut in Eugene O’Neill’s tragedy *The Iceman*



Steven Berkoff: ‘These guys from Oxford are always holding their caps out begging ‘give us money or we’re going to close!’

Lynne van der Meer

Apr. Al Pacino is also said to be interested in performing there. “I’m going to rescue the dear old dusty Mermaid from the muddy depths of the Thames,” says Berkoff.

A little glass of disappointment escapes from his lips as the waiter serves his *poulet*. The prosciutto is thicker than anticipated. Will Berkoff succumb to apoplexy? Overturn tables? Snarl and stalk off? He forks the dish lightly and resumes his narrative without complaint.

“I woke up one morning and thought ‘what is life for? If I lose the flat we won’t die.’” He turned

down a lucrative part in a Hollywood movie to take over the theatre, which is marooned on a traffic island near Blackfriars Bridge.

“Clara was frightened of losing the flat at first and we both had sleepless nights. But we’re put on this earth for a few minutes. We don’t want to waste our time and corrupt ourselves doing cheap movies.”

Turning to his rocket salad he admits that he has wasted time on a number of cheap movies. He is one of Hollywood’s favourite villains, appearing in popular movies like *Beverly Hills Cop*, as well as in films

which he dismisses as trash. “Yeah. Occasionally I do it to bankroll myself. I’ve worked since I was 14. My ethos is to graft. My father taught me the value of work.” His father, a Jewish tailor, was a distant and authoritarian figure, according to Berkoff’s recently published memoirs, *Free Association* (Faber, £15.99).

His background has left Berkoff well-disposed towards commercial producers (“I love their integrity, the businessman’s insistence on bums on seats”) and suspicious of those theatres – the National, Royal

Shakespeare Company and the Donmar among them – which rely on state subsidy. “These guys from Oxford are always holding their caps out begging ‘give us money or we’re going to close.’ What kind of breathtaking horizons are they bursting through that they’re demanding my tax money? *The Glass Menagerie*! He snorts and pauses to sip his orange juice.

“They’re very good at begging. They’ve been subsidised to stay on at school, then they’re subsidised to go to university, so they’ve never felt the need to get sweat on their

brows and earn some money. They’ve been conditioned to suck on the nipple of the state; they’ve never been weaned from it.”

Despite bringing full houses to the National Theatre with his production of Oscar Wilde’s *Salome*, Berkoff has not been asked to perform at the RSC. “Shakespeare is my mentor but they are denying me my heritage. I don’t want to see the same old crud performed as Shakespeare. It’s like looking through the window, there’s a fire burning in the hearth and you’re watching a

lot of rich kids playing with those big toys and they’re not playing very well. It’s very elitist and Oxford.”

Berkoff himself went up to Oxford at the age of 15 – to a boarding school, he spent three months after stealing a bicycle. “The regime was barbaric. You have nightmares about it for the rest of your life.”

After his release he worked as a shop assistant selling menswear for five years before he got into drama school. In *Free Association* he describes a moment of epiphany in Maxie’s barber shop. “I felt transformed and stared hard in the glass and, like Narcissus, fell in love with myself and saw myself destined.”

He went on to study under the great mime teacher, Jacques Lecoq, in Paris and it was here that his commitment to physical theatre was forged. He is appalled by British actors’ inability to use their bodies expressively. This, he thinks, is at the root of those false rumours about his tyrannical directing style. “I’ll say ‘God, can you move slowly?’ We may have conflicts. But that’s the nature of physical theatre, of having a master.”

After a spell in rep he founded the London Theatre Group in 1988 and went on to create ground-breaking adaptations of Franz Kafka’s *Metamorphosis* and *The Trial* as well as productions of his own controversial plays, including *Greek and East*, in which the stark imperatives of Greek tragedy are transferred to the bleak moral universe of Berkoff’s East End. The language is visceral, often scatological, and his speeches are perennial favourites among auditioning drama students.

As the waiter brings an espresso, we return to the subject of *Coriolanus*. Isn’t Berkoff too old to play the warrior “boy of tears”? “Every-one thinks this because young Toby Stephens played him last year. Poor little Kenneth Branagh played him, too, but he didn’t have the talent, though he’s a worthy amateur. Olivier played *Coriolanus* when he was 50. You’re as old as you feel.”

He is applying a warrior’s zeal to the process of funding the Mermaid. “I like the idea of someone putting money on my back. The test of your product is the market-place.” So Berkoff, actor, writer and director has also turned entrepreneur. “Those rich kids can’t give me space in their big games rooms with their big toys,” he says, draining his coffee. “But I can work in a tiny weeny space – all I need is a tiny weeny *tsy-bitsy* space.”

■ *Coriolanus*, currently previewing, opens on June 12 at the Mermaid Theatre (0171-236 2211).

For the Russian military, which after 18 months of fighting has not yet managed to win a war its generals once bragged would be over in 48 hours, the tenacity of Chechnya’s separatist fighters has been a humiliating surprise.

In the bruised Chechen countryside, however, where the dirt roads are littered with freshly dug trenches and fields lie fallow because of buried mines, the warrior spirit which has inspired a nation of less than a million people to resist a nuclear armed super power is immediately apparent.

A landlocked region smaller than Wales with dreary Soviet-era architecture given a rakish air by bullet holes and separatist graffiti, Chechnya is a place where every polite inquiry produces answers which are the stuff of myths.

Although kiosks renting out pirated videos of the latest Hollywood releases have already sprung up on the rubble-strewn streets of Grozny, the Chechen capital, my attempt at small talk one hot afternoon was enough to touch on the legendary past which lies just beneath this modern surface. To pass the time on the car journey to the southern mountain hide-aways of the Chechen guerrillas. I asked

Meyerbekh Nunayev, my driver, why his family lives in the plains.

“Like all Chechens, our roots are in the mountains,” explained Nunayev, a 45-year-old veterinarian and entrepreneur, who sometimes shepherds western journalists around his republic to supplement an income which collapsed when Russian troops entered the region a year and a half ago.

The family fortunes changed in the middle of the 19th century when Shamal, a Chechen warrior whose portrait graces many Chechen homes, was waging a battle against the invading armies of the Russian czar which would last three decades. To finance his fighting, Shamal levied a heavy tax on all Chechen merchants, one of the richest of whom was Nunayev’s great, great grandfather.

For reasons which have been long forgotten, one year Nunayev’s great, great grandfather refused to pay. Shamal’s retribution was swift and cruel. He ordered that all of his property be confiscated, and that both his eyes be put out. Eleven of Shamal’s heavily armed retainers

rode to his home, meted out the punishment, and laid down to spend the night, planning to ride off with his gold the next morning.

Yet, freshly blinded though he was, Nunayev’s great, great grandfather rose in the middle of the night and killed all 11 of the guards. His defiance was short-lived. He was soon captured by other warriors loyal to Shamal, who decreed that all of Nunayev’s relatives, male and female, old and young, to the third degree, be executed.

The entire clan was slain with one exception, the rebellious merchant’s infant son, who was smuggled out of the mountains into the care of distant relatives who lived in the plains.

“Since those days, we have stayed in the lowlands,” Nunayev said with a wry grin, relishing the opportunity to describe the fighting prowess of his ancestor. The bellissse traditions of the Chechens, who require their women to wear head scarves and skirts but think it is entirely appro-

prate for teenage girls to take up kalashnikovs and join their brothers in the rebel forces, co-exist with an incredible national aptitude for survival.

Nunayev’s generation was born in the harsh steppes of Kazakhstan, where Stalin deported the entire

Photocopies have become a booming business in Chechnya

Chechen population after the second world war for their alleged collaboration with the Nazis. But, just as they endured their overnight exile in cattle cars to Central Asia, and eventually managed to trickle back to their homeland, the Chechens are today finding ways to live amid the rubble.

Alongside the video stalls, 10

year olds sell enormous jars of petrol and diesel. Even at the height of the war, these were as cheap in Grozny as in Moscow, because of deals struck with the Russian military and the mini-refineries set up in hundreds of Chechen backyards which process crude oil siphoned from the Russian pipeline that passes through the region.

The other booming business is photocopies, which can be made at dozens of kiosks along the main byways. “I used to have a little watch repair shop, but it was destroyed when a tank drove over it,” said Isa Takaiev, who built his Xerox booth in the centre of Grozny with materials scavenged from the ruins of a medical institute.

“After the war, no one cared about their watches anymore, but everyone needs documents. So many papers were lost or destroyed in the fighting and people need to prepare new ones to try to qualify for compensation or to collect their pensions or child benefit.”

Takaiev, who earns about 1m roubles a week (more than the

average monthly wage in Russia), charges on a sliding scale, depending on the prosperity of his customer. He tries to provide free copies for his poorest clients, the elderly Russian residents of Grozny who, paradoxically, have been the chief victims of the war.

Lacking the extensive clan networks which have helped their Chechen neighbours to survive, ethnic Russians have been the hardest hit by a war which is being waged to restore Moscow’s control over the region. And while the Kremlin has been willing to spend trillions of roubles on its soldiers, only one Russian civic organisation has come to Chechnya to provide emergency aid for its often homeless and sometimes starving compatriots – the Russian branch of the *Hare Krishnas*.

“Our own Russian people forgot about us 100 years ago, we have no homes, no pensions, nothing,” said Tamara Yadvichuk, a hunch-backed, gold-toothed 72-year-old babushka who shuffles to the abandoned school occupied by the *Hare Krishnas* every day to collect tea,

bread, porridge and vegetable stew. “I thank God for these Krishnas, without them I would have starved. I have even begun to recite the Krishna prayer when I wake up in the morning and when I walk down the street. It just comes into my head: Hare, Hare, Hare Krishna.”

But while the ravages of war have turned the Russian grandmothers of Grozny to the gods of the east, superstitious Chechens are looking to a different saviour. On our ride back down from the mountains, it was Nunayev’s turn to make small talk, and he entertained me with a prophecy familiar to every Chechen.

Several years before the war began, a Chechen holy man predicted that a long and terrible battle between Chechnya and Moscow would soon erupt. Then, after 15 years of fighting, the Queen of England would intervene, and Chechnya would become a British protectorate, freed forever from its unloved Russian masters.

“So tell your Queen not to worry too much about losing Hong Kong,” Nunayev said with a smile, “because soon she will have Chechnya instead.”

Christia Freeland

Six years after the Securitate, Nicolae Ceausescu’s pervasive secret services, were formally disbanded the secret police, now known as the Romanian Information Service (SRI), still assumes a prominent role in local life.

In some countries, the identity of the head of the secret services is not made public. In Romania, Virgil Magureanu, the former Securitate officer who has led the SRI since its formation in early 1990, is a household name and, in the flesh, would be instantly recognised by many Romanians. Magureanu was a member of the small group that organised the secret trial and execution of the dictator and his wife on Christmas Day 1989, and appeared in a video recording of those events that was later shown on Romanian television.

Magureanu sees fit to pronounce on issues ranging from foreign investment to local politics and miners’ strikes, as well as on traditional security matters. Some say that his influence is second only to that of President Ion Iliescu.

In a report published last year, *Jane’s Intelligence Review* says Magureanu and the SRI – which retained many former Securitate personnel – had illicitly helped Iliescu and

his party, now known as the Party of Social Democracy (PDSR), gain power, adding that “a marked lack of transparency and public accountability” is likely to remain as long as Magureanu and the PDSR remain in office.

The party was formed in 1992 out of the rump National Salvation Front, the group led by Iliescu and other high-ranking former communist officials that took over in December 1989 and then won a landslide victory in the 1990 elections. The PDSR went on to win the 1992 parliamentary elections by a narrow margin – a victory it hopes to repeat in polls due this autumn in what appears to be a tightly contested race.

“What’s wrong with the SRI today is not so much that, after six years, they still keep on former Securitate members,” says a former senior Romanian official who lives in the US. “The real danger is that they are promoting the same mentality as before, tapping telephones, following people and so on in order to promote the party in power.”

Scandals involving past or present “Securistii” – the name locals give to those working for the secret police – have been a boon, however, for the lively, and sometimes inaccurate, local press.

Two recent events have captured the headlines even more than usual. First, the Swiss ambassador was recalled after it emerged that he had been covering an affair with an alleged SRI agent – Floriana Jucan, a journalist at *Evenimentul Zilei* (Event of the Day), Romania’s top selling newspaper.

According to some reports, the ambassador, who took an interest in local business life, may have been spied on in connection with Ceausescu’s secret bank accounts, believed to be in Switzerland. However, many analysts believe the dictator’s missing millions have long since been plundered by former members of the Securitate.

Then, Corneliu Vadim Tudor, one of Ceausescu’s court poets and leader of an anti-Semitic parliamentary

A shadow over Romania

Virginia Marsh reports on the sinister freedom of a secret service that maintains an old mentality



President Ion Iliescu: helping hand

Universal Pictures Press

party, produced 10 tapes of conversations involving politicians and journalists which he alleges were recorded by the SRI and prove that the organisation, like its predecessor, illegally taps telephones.

Vadim, as he is known locally – himself believed to have been a Securitate member but now an avowed enemy of Magureanu – says the tapes were given to him by an SRI

officer. The SRI has denied the tapes are authentic but, conversely, says it will press charges against the officer for violating state secrets.

Under Romanian law, the SRI must obtain a warrant from the general prosecutor’s office before recording telephone conversations, but many politicians, diplomats and other western officials in Bucharest assume that they are

sometimes, if not regularly, tapped. In addition, intelligence sources say the SRI has established a department to monitor Internet use.

Until recently, telephones in at least one western embassy bore labels indicating whether they were “safe”. The US maintained strict “no fraternisation” rules, limiting diplomats’ contact with locals until 1994, longer than in most other former eastern bloc countries.

“With the cold war over, the question is why do they bother to keep spying on so many foreigners?” says a senior diplomat. “It contributes to the country’s poor image abroad and overshadows progress in other areas of reform.”

As in other countries in the former eastern bloc, reforming the secret services has proved difficult. Some in opposition parties – which, almost alone in the region, failed to win power at a national level after 1990 – pressed for files of senior Securitate members to be made public or for individuals, at least, to have access to their own files.

This request was turned down. Nor has the Securitate’s role in what many Romanians refer to as the “so-called revolution” been convincingly clarified by the authorities. A 1994 SRI report on the December events exonerated the Securitate and blamed the bloodshed mostly on chaotic army intervention and Russian spies and saboteurs.

However, the decision not to release files was supported by many Romanians. Analysts say the size of the Securitate – a name that generally refers to both the regime’s internal and external intelligence services – is often exaggerated. Part of its success was that the population believed it to be much larger and more threatening than it was. Nevertheless, it is believed that as many as one in four Romanians collaborated with the Securitate at some time in their lives.

As in other former communist countries, the secret police succeeded in recruiting some of the nation’s most talented individuals, and many are now successful entrepreneurs or

have played an important role in the reform process. One of the most respected members of the present cabinet, for example, was a colonel in the Securitate. At least one other senior minister was also an officer.

Few, however, have had the courage to own up. An exception is Daniel Daianu, the central bank’s chief economist.

After accusations in the press, Daianu, who attended Harvard University and speaks several languages, admitted to some dealings with the Securitate which he justified on grounds that this was the only way to travel or study abroad when Romania was one of the most isolated countries in the world.

In spite of the official ban, files and other sensitive information are still often leaked to the press and used by now competing factions of the former Securitate to discredit rivals. This has confused the public, helped make many Romanians deeply cynical about their leaders and government in general, and diverted attention from more important issues such as reform.

This led Jane’s to conclude: “Although it officially ceased to exist in 1989, the Securitate continues to cast a long and malignant shadow over Romanian politics.”

مسكنا صالحو

FASHION

Life beyond the cultural cringe

Marion Hume says designers from Australia are being taken seriously

Let me introduce you to some new names set to make their mark on the fashion map. It is unlikely that you will have heard of Collette Dinnigan - unless, of course, you are such a dedicated shopper that you have already discovered her lingerie and lace dresses at Liberty or Harvey Nichols.

It is most unlikely that you will know Morrissey Edmiston - unless you shop in New York and have stumbled on their sleek, second-skin clothing at Henri Bendel. Neither are Zimmerman, Marcs nor MJM well-known labels. It is worth meeting them now because soon some of them may be all too familiar.

The common thread between the names above is that the designers are Australian. But before you write them off as a fashion joke, remember that 15 years ago the notion of Australian films made people chuckle. After the success of *Strictly Ballroom*, *Muriel's Wedding* and *Priscilla, Queen of the Desert*, Australian films are now taken seriously. This could be the destiny of the best Australian fashion designers.

There are many barriers against these designers, who recently revealed their wares at the first Australian Fashion Week in Sydney. There are the upside-down seasons, an already near-saturated global fashion market and the sheer distance. But some will break through in spite of all these. Richard Tyler, a New York designer and the dressmaker of film stars such as Julia Roberts and Susan Sarandon, is Australian. He is about to find other designers from Down Under coming up behind him.

No British man or woman, and no British fashion store buyer, is going to buy an item of clothing simply because it is Australian. While some people will shop for French designer clothes because they are French or search out a "Made in Italy" label, no one will seek out Australian fashion unless they want to look like Crocodile Dundee.

To survive in the tough international fashion market Australian designers have to be as good as those from New York, London and anywhere else. Some will make the grade. First, let's meet Morrissey Edmiston, who are Peter Morrissey and Leona Edmiston. They make hipsters and shirts so skinty they are well-nigh indecent, which is why rock stars and supermodels have discovered them. They make the kind of itchy-bitsy bikinis that turn up atop high heels in Helmut Newton photo-shoots. Their trademark is super slick, sexy clothes - think Gianni Versace, but without the prints.

Morrissey Edmiston do not yet have a British stockist but, having taken over the Fifth Avenue store front windows of Henri Bendel not once but twice, they doubtless soon will. Their style is slick and spare, and they insist that the reason their clothes look like Gucci and Prada is synchronicity. They can pull out pictures of slash-front disco jumpsuits in a collection they did four years ago. And they have been refining the tightest of hipsters for eight years.

The 1970s zenith of New York's Studio 54, Bianca Jagger, Andy Warhol inspires them, just as it inspires Tom Ford at Gucci. So why

buy Morrissey Edmiston? Because they understand the power of hype. You may not have seen their clothes yet but within a couple of years (perhaps even a couple of months) it will be hard to avoid them.

Collette Dinnigan is worth meeting precisely because her clothes do not insist upon that skinty, sexy silhouette so popular today. Dinnigan's clothes, which have already been picked up by British stores, look a little as if you found them in an old chest belonging to your great-grandmother.

Dinnigan works hard with her fabric suppliers to invent new combinations of laces and silks that look old, yet live up to the performance we have come to expect in modern clothes. Some of her delicate lingerie, on sale at Harvey Nichols, can even be machine washed, while her frill blouses and saucy, lacy black dresses are -

No-one will seek out Australian fashion unless they want to look like Crocodile Dundee

thankfully - more robust than they seem.

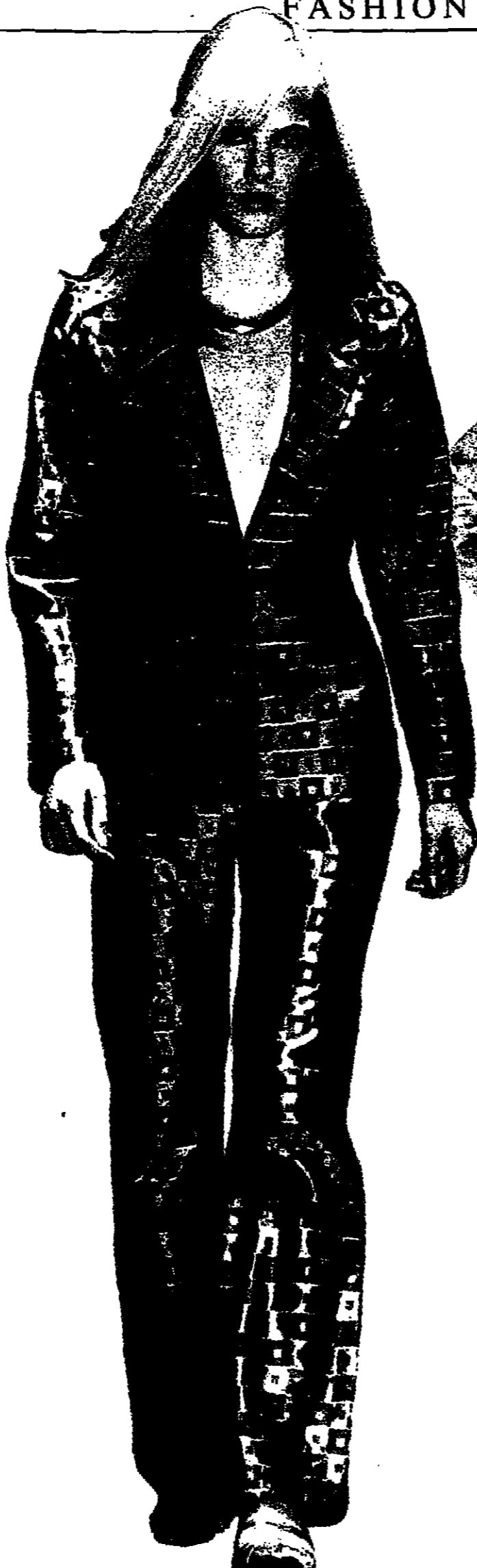
Dinnigan and Morrissey Edmiston made their catwalk debut during the fashion week in Sydney last month, although Collette Dinnigan has staged small salon shows in Paris. The collective event itself was of interest.

The Mercedes Australian Fashion Week represents the first time anywhere that a named event sponsor has been associated with fashion, in the same manner that sponsorship has been attached to sport.

As the fashion show becomes increasingly regarded as a sophisticated arena in which to promote unrelated products, the Australian experience offers a glimpse into the future. Lloyds Bank and Vidal Sassoon are already associated with London Fashion Week, but not as an integral part of the title. As the shows become more and more expensive to stage, and more products want supermodel mystique within their promotional package, can we look forward to, perhaps, Coca-Cola New York Fashion Week? The First-Milan Collections?

Simon Lock, organiser of the Australian fashion shows, hopes the yearly event showing trans-seasonal trawls rather than potentially confusing southern hemisphere autumn/winter or spring/summer clothes will become more than a venue for Australian designers. Next year, New Zealand designers will be invited into the mix.

As the event finds its feet, designers from Asia will also be invited to participate. Andrew Ng, one of Harvey Nichols' hot new hopes, is from Singapore. Lock hopes that the next wave of Japanese designers, following in the footsteps of the influential Comme des Garçons, Issey Miyake and Yohji Yamamoto, will choose Sydney as a place to show their clothes.



From left: Upholstery print night club suit by Morrissey Edmiston; white leather suit by Morrissey Edmiston; high summer beach dress by Marcs. Below: left, Collette Dinnigan's 1920s inspired frilly lace; Collette Dinnigan's heritage lace strunkon shirt and skirt

Photographs: Ben Davis

on them to make them right for the beach. Lace is the latest big trend; Zimmerman offered a chivally lace-effect on well-cut bikini bra tops and Ursula Andress in *Dr No* type, big bikini knickers.

The Zimmerman sisters took the stubby, hessian effect, which Miuccia Prada used on square-cut, granny-style suits, and perked it up by printing an imitation on skimpy swimsuits. Also worth a mention for confident colour combinations is Marcs, a beach and sporty label destined to turn up in British stores. Both buyers and consumers like to find something original. It is worth keeping an eye open, whether shopping at home or abroad, for the prints of husband-and-wife team, Brian O'Malley and Bridget Gardiner. They have created a unique printing process using seaweed algae to produce a marbling effect on cloth. In Australia, their work appears on clothes under the MJM mark, but Europeans are more likely to find them in the care of Missoua.

Helena Kazinski's accessories are easy to find. Her UK stockists include Harrods and Egg in Kinnerton Street, her speciality is summer hats made from lustrous, hand-rolled raffia (rolled on the upper thighs of women in co-operative workshops in Madagascar). Her roomy bags, based on traditional yam-gathering New Guinean billam bags, are already sought after among fashion's international set as the only alternative to a Prada, Chanel or Hermès bag.

Smart shoppers do not buy labels, they buy things that suit their lives, flatter their figures and add to their wardrobes. There is no reason why some of these items should not be Australian. The so-called "cultural cringe" that once haunted distant Australia seems irrelevant when your little lace dress hails from a country that is, after all, only 21 hours away.



Lock has big ambitions. Ten years ago, a designer was considered a success if he garnered sales to American stores. Being in Bloomington, Bendels, Bergdorf Goodman is still of huge public relations importance to designers, wherever they come from. But the Manhattan retail scene is an increasingly tough tightrope to walk. Even the household-name American fashion designers are working hard to ensure their positions within the wealthy Pacific rim countries. Donna Karan is targeting Hong Kong as a key export market.

Lock says Sydney could become a venue for second shows of international designers who want the publicity and sales in that part of the world.

Talking on Paris is a big dream. While no one is predicting the collapse of the traditional world fashion capital in favour of a Down

Under newcomer, establishing Sydney within the annual calendar makes sense. The city is expanding with its fledgling, but important, international finance centre and global brands, including Estée Lauder, have set up offices there to deal with Pacific business.

Although Collette Dinnigan and Morrissey Edmiston design clothes with international appeal but with no particularly Australian hallmarks, the next best options are from those who make a virtue of living in a sunny country.

Liberty and Harvey Nichols joined stores from the Far East in sending buyers to Sydney. They preferred swimwear and resort clothing that the British would want to wear on holiday rather than at home. Zimmerman is the label of two sisters, Nicole and Simone, and their zesty swimwear takes fashion trends and puts a spin

Gardening / Robin Lane Fox

The potters' dream top 10

Keen gardeners have already been potting madly for a fortnight. Plants in pots are all the rage and work wonders for small gardens or paved areas in any setting, however grand. The art is improving yearly and the range of rarefied plants is leading demand into new territory.

It amuses me to read the new wave of gardening books on natural gardening and native wild flowers which seem to think that they are the way forward. Many gardeners are rightly voting in the opposite direction. They want the exotic, the madly foreign and the brilliantly coloured, crammed unsparingly in their containers throughout the summer from Fulham to Florence.

You would have to torture me to produce a top 10, but here it is, changing weekly like the prices on your working screens.

Top of the list, the Royal Dutch of pet plants, is the scented *Heliotrope*. You have to buy a parent plant as a

half-hardy perennial if you want the best scent. You can multiply it ever after and even train it up into a standard with patience and a frost-proof greenhouse from mid-October.

I would pick *White Queen* for scent, but the true *Chatsworth* is darker and runs it close. *Heliotropes* are five-times the plant in half the growing season if you souse them with diluted Phostrogen once a week from now onwards.

Of course I would want some fancy geraniums, and after last summer I would want the small *Angel Pelargoniums* first. It is untrue that they only flower for a month. Once again, the answer is to pump them full of Phostrogen at weekly intervals. I sent plants of the admirable little *Hemlingstone* into a drug-crazed stupor last summer and would

gladly do the same for any of its cousins in the *Angel* group this year. They sit admirably round the edges of a large container.

For a touch of class, I would go bust on good *Hedychiums*. They are relations of the ginger and have a beautiful combination of grey-green leaf and exotic flower which is worth the high price if you tend it carefully in a pot. *The Plant Finder* lists nearly 30 varieties and I hope they will catch on and fall in price. Meanwhile, I will beg the yellow-flowered *chrysanthemum* as my first choice in a fine group. I suspect they will be out in force at the Hampton Court show next month. Bought there, they will grow on and flower delightfully in late summer.

Those in the know grow smallish roses in pots, not the

heavily miniatures which are pushed at us for the purpose, but luscious, older roses with scented flowers that would be horrified if you tried to prune them with nail scissors.

The dark and dusky rose *Louis XIV* would be a sensational choice which I admired in the heat of last summer in the colour-graded plantings at Hadspon House in Somerset. It is difficult to buy, because it is not really hardy. My accessible, second choice would be the small China rose *Hermosa* which is dusky pink and heavenly in a pot.

On the margins of greenhouse life, I would have to show off and include some of the violet-blue *Alyogyne* which have broad, trumpet-shaped flowers and detest frost. All those on sale are excellent, but they respond to

heavy feeding which prolongs the season. They are not cheap, naturally, but visitors find them irresistible.

Salvias are perfect potters for those who want a long season and intense, pure colour. They are not always the easiest plants to maintain. They are surprisingly quick to droop and shrivel as they turn dry in many of the best forms. Water revives them, but they are not always drought-proof just because their common relations include the garden sage.

Forms of *Salvia microphylla* are probably my favourites, especially the bigger and redder *Newby Hall*. Plant hunter James Compton has brought a new variety and promiscuity to the family recently and is responsible for several pinks, buffs and improved reds.

His star discovery is a bigger blue *Salvia patens*, called *Guamajato*. It is not cheap, but is worth the price for its size and intensity of flower. I hope it sweeps through the garden centres and reaches amateur nurseries during the next few years.

Meanwhile, I have given up the enticing forms of *Salvia guaranitica* because they need so much water in a tub. I have an easier life and better return from the heavenly *Indigo Sprays* which has remarkable class and almost no resistance to frost.

Among silver-leaved beauties, the possibilities are endless, but I still stand by the finely cut, ivory white *Senecio leucostachys* which is widely available, but technically to be known as *ovata*. It is a wonderful plant for winding



through larger neighbours in a potted crowd and its pale flowers are more pleasing than others in the family. Cuttings are easy, but I find them easiest in the early summer when they root without delaying and wilting.

I have just lost my best two specimens to carelessness after three years, but I have to reassert the claims of the evergreen forms of *Mimulus*. The ultimate charmer is a lemon yellow form of *aurantiacus* which is starting to go the rounds after arriving from Californian gardens. The ordinary orange variety is also

excellent, as is a rare white. Unlike their cousins, these *Mimulus* do not need damp and shade. They are amazingly free-flowering, but whitefly did account for my pride and joys last summer and plainly need watching.

These 10 or more hardly scratch the surface of the potting possibilities which even half-hearted gardeners are starting to enjoy, provided that they do not mind paying £3 or more for plants which root like weeds from cuttings.

Among the best suppliers are Hopleys of Much Hadham, Hertfordshire, and the Hileys of 25 Little Woodcote Estate, Wallington, Surrey, open usually from Wednesday to Saturday and within reach of the M25. Both nurseries exhibit regularly and will be prominent at Hampton Court.

These plants leave shocking pink petunias looking fit only for the worst sort of civic bedding. They look even more magnificent if you follow the potter's golden rule and feed them remorselessly on chemicals throughout the summer.

HOW TO SPEND IT

Fakes are fun, but proper rocks endure

The rich and fashionable are returning to real jewellery again. Lucia van der Post detects the first attack against the faux

Real jewellery has been off the fashion menu for a while. It has been cool to be understated, hip to keep one's wealth - should one be so lucky as to have some - under wraps.

As costume jewellery has become more diverse and more confident, it has become fashionable to flaunt fakiness, to glory in weird and wonderful designs, to enjoy ringing the changes with the mood.

Fashionable women could be flaunting faux rocks from Butler and Wilson one day, sculptural pieces by Van Peterson the next and demure pearls another.

But there are hints that real jewellery is coming back in vogue.

As prices of fakes rise ever higher, as working women's salaries begin to catch up with men's, as real jewellery again begins to represent serious value - witness the prices raised at auction for the jewels of the Duchess of Windsor and the Begum Aga Khan - there are stirrings of interest in the world of real stones.

For all who are interested in real jewellery, an exhibition of the designs of Verdura will be a must.

Fulco Santostefano della Cerdà, Duke of Verdura, was as dashing a fellow as his name implies. He was to jewellery what Chanel was to clothes and Fabergé to eggs, according to Diana Scarisbrick, a jewellery historian. A Sicilian duke of great charm, whose family's life was chronicled by Giuseppe de Lampedusa in *The Leopard*, he blew most of his inheritance on one splendid party and then set off for Paris where he met the incomparable Coco Chanel.

First, he updated the settings of the extravagant jewels she had been given by her aristocratic lovers - Bendor, Duke of Westminster and the Russian Grand Duke Dmitri. Then he became head of jewellery design for Chanel, creating for her the enamelled Maltese cross cuts in which she was so frequently photographed.

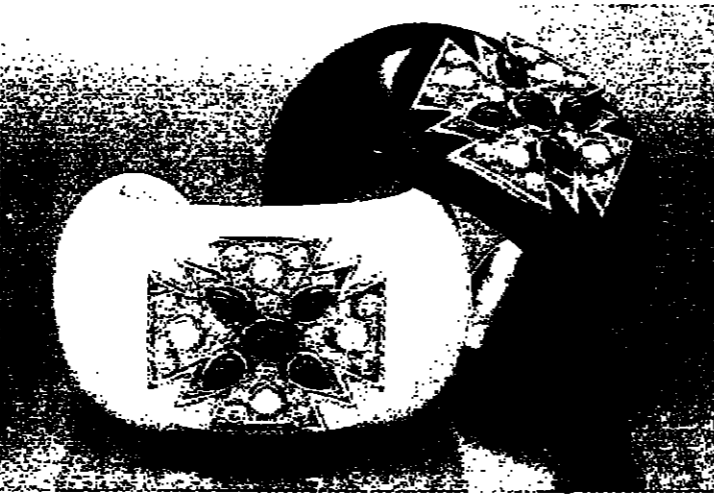
Like Chanel he, too, hated large stones and vulgarity. For him, real jewellery had to be intensely stylish and do more than proclaim the wealth and status of its owners.

Verdura preferred gold and coloured gems to the prevailing taste of the time which favoured platinum and huge diamonds ("mineralogy, not jewellery", he sniffed at someone who was wearing a big, solid rock).

In 1934 the new world beckoned and he went on to make his reputation in the US. Society women loved his real seashells dipped in gold and rimmed with precious and semi-precious stones. They loved the *panache* of his looped and twisted ropes of gold and semi-precious stones, his big, chunky beads, his animal and flower brooches, the ruby heart pendants wrapped in a ribbon of pavé diamonds. He loved mixing precious stones



Left: Five strand emerald bead and gold bib necklace, \$42,350



Below left: Pair of Maltese Cross bracelets, \$21,780 each. Made of beaded enamel and set with gold, coloured stones, pearls and diamonds

Below: The Jewel as precious parcel, a Verdura trademark. An aquamarine wrapped in a ribbon of pavé diamonds, \$45,800

Bottom right: Verdura loved coloured stones and semi-precious jewels. These three rings feature garnets, tanzanites, citrines, amethysts and peridots. They range in price from \$8,800 for the amethyst and peridot, to \$10,800 for the garnet and citrine ring and \$21,780 for the garnet and tanzanite



Coco Chanel and the Duke of Verdura: he insisted that real jewellery had to be intensely stylish

and more humble materials. He used washed glass from the sea for necklaces as insouciantly as he used rubies and emeralds.

The women who bought Verdura's jewellery were like a secret society and they included many of the most fashionable, famous and richest women in the US and Europe.

As Ward Landrigan, the American who admired the product so much he bought the business, says: "You could say that among his fans were New York's top 400 - those on Brooke Astor's list. Old money, new money, showbiz money."

By 1972, he was beginning to feel tired and he sold his business and retired to London. The company then began to fall into obscurity, its memory kept alive by his dwindling coterie of personal followers, but in 1984 Landrigan bought the business and began the task of reintroducing the jewellery.

Landrigan had loved jewellery all his life, worked for Sotheby's, knew the jewellery world inside and out and believed that women were looking for pieces that were hugely

stylish, with a design and workmanship that excited them.

"I noticed when I was selling estate jewellery that many of the women were not looking for expensive jewellery. They were looking for chic and stylish jewellery."

They were ready, he concluded, for Verdura. "Verdura understood that a jewel should enhance the wearer, not compete with her. I guess he learned a lot from Chanel in his eight years of working with her. He knew that jewellery was the ultimate accessory," says Landrigan. "Verdura has never been about big stones - it's about style, it doesn't date and 85 per cent of it is eminently wearable."

Some of Verdura's pieces are a double-bluff in the faux-real game - they look faux so that women can wear them out safely but they are, in fact, real.

Several of the pieces are exceedingly ingenious. A necklace might have a detachable grand pendant so

that it could be worn plain by day and have the pendant attached for grand evening occasions. Others have tassels that detach to become earrings or brooches.

It is 10 years since Landrigan bought the name and the workshop, 10 years since he started re-issuing the jewellery and exploring the archive drawings for new pieces.

The jewellery is all made in exactly the same way. Many of the same jewellers that Verdura used were coaxed out of retirement and he has the same commitment to quality that marked Verdura's reign.

In those 10 years, the Verdura fan club has been growing again. Harry Fane, who specialises in fine jewellery and *objets d'art*, most particularly those made by Cartier in the 1920s, was immediately taken with the designs.

He declared them "elegant, yet daring and bold" and held an exhibition for them in his tiny upstairs gallery in Duke Street.

Thoroughly eclectic trio

Lucia van der Post travels hopefully to three out-of-the-way, out-of-the-ordinary shops and finds they are well worth the trek

Joss Graham is a man with an interesting eye that on the whole finds its way to the Orient and comes back with rugs and textiles. This time, however, in partnership with Gordon Reece, he is holding a selling exhibition of arts from southern India. Anyone who has been there knows the Indian gift for decoration, for colour and pattern.

What Joss Graham will be selling are splendid examples of the genre. From antique woodcarvings to utensils such as bowls, spoons, boxes and lamps; from block printed cotton bedspreads to toys and chattri panels, the choice will be wide and eclectic. Perhaps some of the most interesting pieces will be found among the architectural elements - look out for ornate doors, ceiling panels, brackets, decorative shelving and arches.

There will, of course, be the obligatory saris but these are old ones from temples, as well as embroidered textiles from the Banjara gypsies. Alto-



gether an exhibition well worth going to for anybody interested in Indian arts and crafts. It runs from now until June 29. While you are there it is also worth looking at the huge Vietnamese pots (above)

that Graham is going to stock on a regular basis. They are richly glazed in an array of colours - from turquoise blue, sage green, mustard yellow, sand and beige - and would make beautiful jardinières.

Prices from £12.50 for the smallest to £850 for the large and/or rare. Many are contemporary but some old. Joss Graham Oriental Textile is at 10 Eccleston Street, London, SW1W 8LT. Tel: 0171-730 4370.



Those looking for decorative antiques might like to know about the shop that Michael Reeves, a well-respected interior designer, has just opened behind Brompton Cross at 33 Mossop Street, London, SW3 (left).

It is an eclectic mixture, ranging from a slightly kitsch Venetian mirror (wonderfully embellished with blue dancing ladies) to some exquisitely made antique rice containers. His decorating eye is clearly drawn to items with a bit of drama - he likes size and grandeur which can be seen in the huge vases and splendid mirrors.

If he does not find the drama, he adds it - taking French chairs and upholstering them in magenta or fake zebra stripes or leopard spots. Chests he lacquers in

brilliant peacock blue or Chinese yellow.

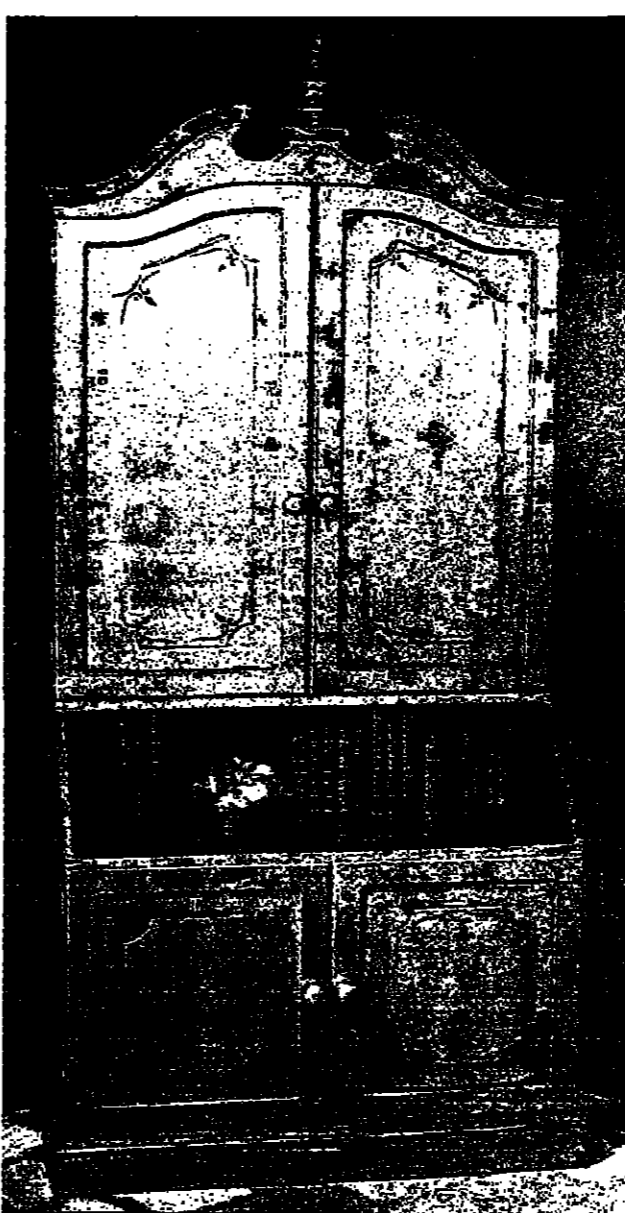
He also offers smaller things on a regular basis - raffia portfolios at £20, tortoise shell knick-knacks such as a magnifying glass at £26, a Chinese graffiti box at £120.

Chinese porcelain starts at £20, as well as lacquered eggs in beautiful copper and gold colours at £22 each.

His taste obviously touched a nerve with the press for by the end of the opening two days he had sold half his stock.

This included selling a beautiful 1920s Venetian mirror to me (in the interests of domestic peace, I am not revealing its price but it seemed good value).

More of the upholstered chairs, which were the big success at the opening sale, are coming in soon.



Another small, recently opened shop is Romanesque in Highgate, north London. It specialises in furniture, all of which is hand-painted by the owner Danielle Romer, who has trained and practised as an artist. Her work ranges from paint effects (such as a gilded and distressed effect used on a dresser) to *trompe-l'oeil* birds, vases and shells on a cupboard. Always available to order are the cupboards, coffee tables, bedside tables, dressers, corner

cabinets and the Lilly bed. Prices range from £275 for the coffee table to £2,300 for the large gilded and distressed dresser (photographed above). Not all the painting will be to everybody's taste but there is a great variation of styles and colours and in addition to her standard pieces, Romer will make or decorate pieces to special commission. Romanesque is at 256 Archway Road, Highgate, London, N6 5AX. Tel: 0181-245 9414.

COLONY CLUB ANNOUNCEMENT

Under the provision of the 1988 Gaming Act, licensed premises are now available to the Colony Club to operate in. Located at 24 Hursford Street, London W1Y 7DA.

Gaming facilities will include Roulette, Blackjack, Craps, Snooker, Pool, Darts and Pinball Games.

From the 9th of June 1996

The Colony Club will be open daily between 12 noon and 4am, with gaming commencing at 2am. Post-licence and tax apply from 12 noon.

Application for membership must be made in person on the premises at least 48 hours prior to being allowed to play. Full details of membership, including current regulations, prior to licence will also be available.

The Colony Club
24 Hursford Street, London W1Y 7DA, Tel: 0171 495 5600.

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PROPERTY

Cash value
in virtues
of honesty
and tact

Anne Spackman on the rewards of seeking the advice of a negotiator

Negotiator is the term estate agents use to describe what they do for a living. Rather left, you might feel, depending on how you see their role. In the mass market, estate agents are essentially regarded as a shop window for advertising property. When it comes to doing a deal, the buyers and sellers use the agents purely as a conduit.

Further up the market, however, negotiator is a more realistic description of the agent's role. The term "agent" reflects the official, if somewhat outdated, relationship between vendor and representative. In practice, most agents would admit they are acting for the deal - albeit the best deal for their client.

Some buyers and sellers, particularly those who do deals for a living, may feel they need no advice. They have their own personal style of negotiating which shows in their property dealings.

Property is different. Everyone has an idea of the value of their house, but this does not make them a property expert. The expertise lies with those people who deal in houses for a living. Good houses - particularly in the country - do not come up for sale every week. People need advice from someone who knows what each house is worth and how popular it is likely to be in today's market.

Property is a far more emotional subject than shares or currency. If you make a low offer for a company, the shareholders can simply say no; if

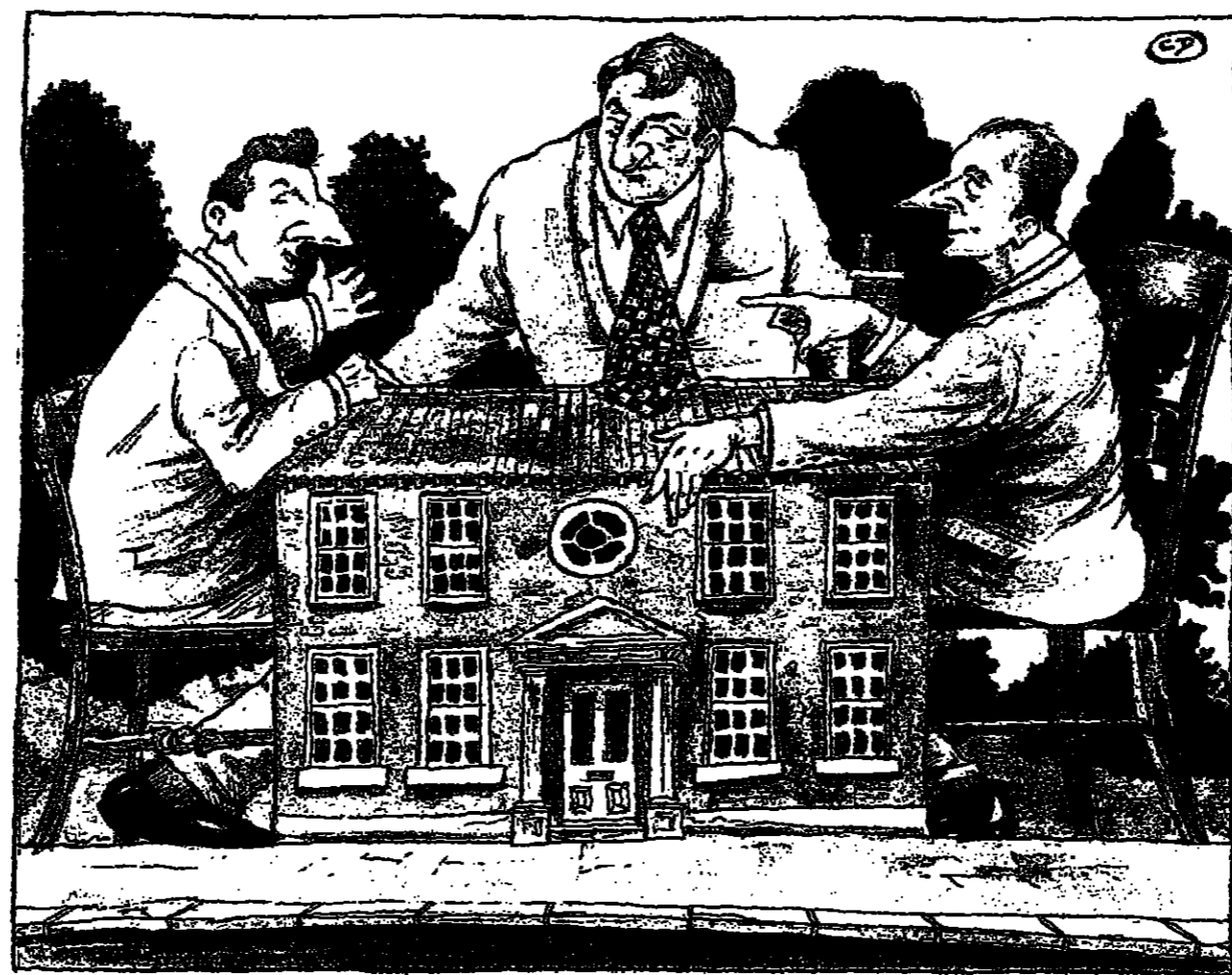
you make a low offer for a house, the owners are likely to be insulted and may harden their attitude towards you. Although you may ultimately get the property, it may be a disagreeable - and, ultimately, expensive - process.

It is hardly surprising then that, when asked to name the most effective strategies for striking a good deal, agents most commonly cite honesty and tact. These are not qualities readily associated with their profession but, compared with some buyers and sellers, estate agents have honesty and tact in spades.

Buyers will routinely condemn a room as ghastly while standing next to the woman who chose the wallpaper, or will put in offers for a house they cannot afford. Vendors are prepared to shake hands on a price while privately asking their agent to see if he can better it.

One of the best examples of the price to be paid for being nasty comes from the buying agency, Property Vision. They were acting for a client who offered £50,000 more for a property than his closest underbidder. In spite of the margin, the vendor turned down his bid because he had been so rude on his visit to her house. In the end, he had to add another £50,000 before she reluctantly decided to sell.

Brian D'Arcy Clark of Chesterfield, pointing out the rewards of virtue, says: "If a vendor is offered more money after he has shaken hands at a lower price and turns it down, the purchaser feels under pressure to perform. The overbid-



der may be slightly frustrated but they realise they are dealing with an honourable person. If the other deal falls through, you can go back to them without any problem. If you have gazumped the underbidder, they will go somewhere else."

Pride plays a large part. Patrick Ramsay of Knight Frank says both sides have to feel they have done a good deal. "If people feel they are being led up the garden path or made to look a fool, they will walk away from the deal."

"The problem is people take up a position and feel duty bound not to budge. It is a question of face. A bidder will say he has made his absolutely final offer. Then when he loses the house, he will say he would have paid more. A good selling agent has to help the buyer to make his best offer, not to mug him."

Anthony Lassman once had to follow a buyer to his sick resort to secure a deal on a flat in Eaton Square. The man made what he defiantly

declared to be his absolutely final offer and said that, if it was not accepted by a certain date, he would be leaving for Courchevel. He duly left. Lassman followed him and a deal was done two days later over lunch at his chalet.

Men normally play the dominant part in property negotiations. But while they may be determined to get a good deal, wives may be equally determined to get the house.

Jonathan Hewlett, a director of Savills in London, has been trying to buy a house in the popular area of south London, between Wandsworth and Clapham commons. Twice he has walked away from competitive bidding, feeling the price was going too high, only to discover his wife had subsequently offered more.

Price is commonly believed to be the only criterion in securing a property deal. But a third of all sales collapse after the price has been agreed - because of a bad survey,

because the solicitors are dragging their feet or even over a tiny matter like the value of the dining room curtains.

D'Arcy Clark recommends that people decide exactly what fixtures and fittings they intend to include in the sale before they market the property. "You can get two men arguing the toss over a washing machine," he says, "and neither will back down. You have to point out that a washing machine worth a few hundred pounds is not a deal breaker when selling a house worth hundreds of thousands."

Charles Ellingworth of Property Vision says the sale of a country house is a particularly personal business. The family is likely to have lived there for some time and to feel emotional about leaving. He says: "Some buyers take the very businesslike view they have got a price and, if the other party doesn't like it, they can rot. In practice, deals have to be nursed together. You inherit much more than bricks

and mortar when you buy a country house. Little things, like a willingness to repair the church wall, can make all the difference to how the vendor feels about your offer."

Agents spend much of their lives dealing with time-wasters. At the top of the market, there are Walter Mitty characters who go around million-pound houses, make several offers, then disappear. Agents need to know fact that you are a serious customer. The old custom of one month's gap between exchange and completion has given way to 10 working days. This means buyers need to have their money ready to move.

If you are being represented by a buying agent, that is clear evidence of your intent. If not, agents like to see a financial statement that shows you can proceed. This applies however rich or famous the customer. "Customs may be different around the world," says Ramsay, "but financial references are not."

On The Move / Anne Spackman
Rent book with
a better script

One of the first attempts by the property industry to produce a private rental package for investors was announced this week at the annual conference of the Association of Residential Letting Agents.

The Buy-To-Let initiative aims to simplify the lettings business for small investors and provide support for those who view the private rental sector with suspicion. It is part of a broader strategy to create a more professional attitude among landlords.

At last year's conference, delegates were warned by a leading lender that the rental market was still seen as a particularly risky business. To compensate for the risk, lenders liked to see returns 2 per cent higher than in other sectors. A second speaker, Peter Sloane, said that more than half of privately rented housing belonged to small investors and that only a third of landlords were looking for a commercial return on their investment.

The Buy-To-Let initiative hopes to tackle both the finance and amateurism problems. It is a joint operation between Arla, two lenders - the Woolwich and Home Loans Direct - and the two leading estate agency bodies, the Incorporated Society of Valuers and Auctioneers and the Royal Institution of Chartered Surveyors.

Robert Gray-Kings, the partner in charge of lettings for Knight Frank, told this week's conference that letting agents must be aware of prices and yields in their own areas. "This will enable them to demonstrate that Buy-To-Let compares favourably now with investment opportunities in commercial property and in gilts," he said.

Potential investors will not doubt look carefully at the yields. Kemp's study last year of privately rented housing showed average net

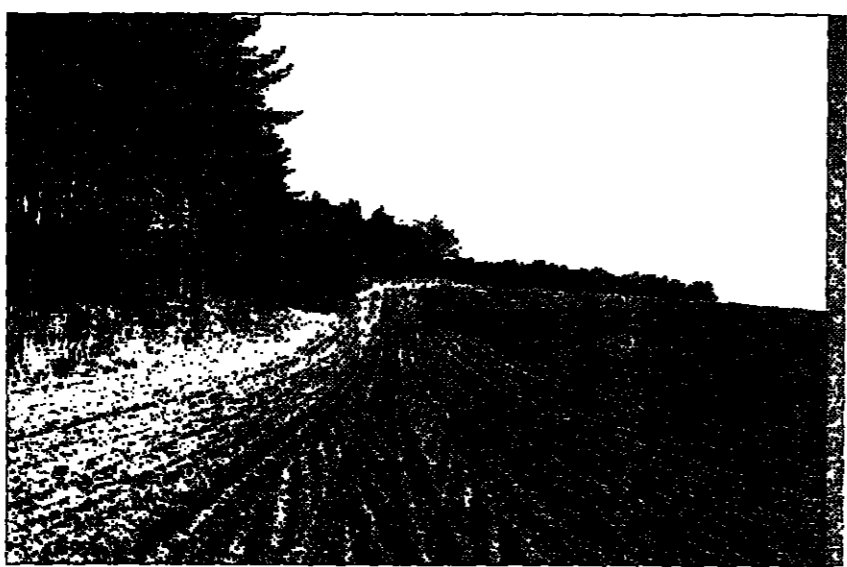
yields of 5.6 per cent. Management and maintenance costs took an average third of gross rents. The yield figures are likely to have improved slightly during the past 12 months, as rents have risen. Letting agents will point out that they are only averages and that, with good advice on what kind of property to buy, landlords can achieve better.

Peter Sloane, who runs Knight Frank's office in London's Docklands, says net yields vary between 6.5 and 9.5 per cent. He is recommending investors focus on one- or two-bedroom flats in serviced blocks. To understate the viability of his scheme, Arla cites an example where a letting agent joined forces with Barrett in Cardiff Bay. They say the developers promised a gross rental return of 10 per cent for the first year. The letting agent did not need to call on this insurance policy as he achieved sufficiently good rents on the open market. However, prospective investors should note the possibility of a shortfall and not bank on promised yields.

Seeff Residential, the South African property group, is thinking with Cherterton to put on its third European property exhibition. It is timed to coincide with Nelson Mandela's visit to London, and will be held at The Imagineer Gallery in St Giles Street, W1C, on July 8 and 9. Details: Elizabeth Henderson (0171-235 8090).

The first European Auction venture takes place at the Meliá Castilla Hotel, Madrid, on June 20, with 80 residential and commercial properties in Spain and Mallorca for sale. The first combined venture between Allsop and Co. and Ernst & Young in Madrid - aimed at UK and German buyers - will have a live link in London. Details: Allsop (0171-494 3688).

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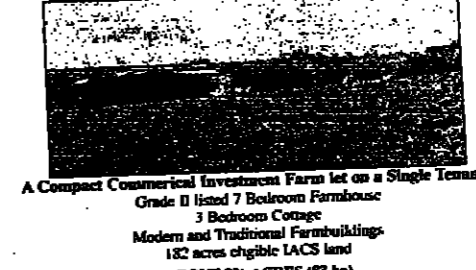
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هكنا من الاجل

BOOKS

Case of the mistaken identities

Joan Smith meets the latest literary talent, Turkey's Orhan Pamuk

Last summer, when a British publisher brought out a novel by a little-known Turkish writer, it was greeted with immediate excitement. Critics drew comparisons with the giants of contemporary fiction, from Italo Calvino and Umberto Eco to Gabriel Garcia Marquez. Like Lord Byron, who woke up one morning and found himself famous, Orhan Pamuk was suddenly being talked about as a star.

"Pamuk is one of the world's finest writers," was the verdict of the New Statesman. The TLS praised his "intelligence, metaphysical preoccupations and astringent literary style". Just about every reviewer acknowledged the parallels between the novel and Turkey's uncertain cultural identity; they also saw links between its themes and the liminal status of Pamuk's home city, Istanbul, where the book is set.

In Britain for the paperback publication of *The Black Book* (Faber £8.99, translated by Gunell Gun), Pamuk talks about the novel's cultural antecedents in a way which reflects his absorption in two very different cultures. "I had *Ulysses* in mind when I wrote the book," he explains. "But my version would be more esoteric, more mysterious."

Its structure of stories within stories is an obvious echo of the *Arabian Nights*, one of the books Pamuk remembers with affection from his childhood. Yes, *The Black Book* is also a detective novel, one which teases this most western of forms by dislodging murder from its ironic position as the final mystery. The novel opens with the protagonist, a lawyer called Galip, trying to discover

the whereabouts of his wife Ruya, who has disappeared from Istanbul along with Galip's cousin Jelal, a celebrated newspaper columnist.

Are the missing couple having an affair? Concealing the double disappearance from his extended family, Galip tries to solve the problem by immersing himself in Jelal's identity, combing old newspaper columns for clues. Obsessively reading and re-reading his cousin's words, Galip's own personality begins to fragment; before long he has convinced himself that it requires only an effort of will to think like - even to become - another human being.

Soon he is impersonating Jelal, a dangerous masquerade in view of the columnist's own instability and his involvement with some of the conspiracy theorists who thrive in a city like Istanbul.

This notion of identity as an artefact to be assumed or discarded at will, rather than an untidy, organic growth, is one which Pamuk resists at both a personal and a political level. Growing up in a secular, upper-middle-class family and educated at an American school in Istanbul, he rejects all attempts to impose a single identity on Turkey, whether that of a modern western state or a Moslem country.

"What I care about is complexity, hybridity, the richness of everything," he insists. "Istanbul is geographically complex. So is the Turkish nation. Sixty per cent are conservative, 40 per cent are looking for westernisation. These two groups have been arguing among themselves for 200 years. This situation of being in limbo, in between east and west, it's a lifestyle in Turkey." Like his character Jelal, 44-year-old Pamuk trained as a journalist but never worked for a newspaper. (His journalist's



"I care about complexity, hybridity, the richness of everything": Orhan Pamuk, already hailed as a future contender for the Nobel prize for literature

diploma, he says, was a way of deferring the military service which he still compulsory for adult males in Turkey. He was a "simple soldier", he observes ironically, for four months. Originally destined to become an architect, he rejected both professions in favour of writing. Living at home with his parents until the age of 30 and producing novels which did not get published.

"I was at the end of my tether when my first book was published," he says. "For eight years I didn't make a penny. I worked so hard, didn't drink,

didn't enjoy life." What kept him going was his confidence in himself as a writer, even if the books were bad. "You trust yourself to produce something," he says, describing this period as "an antlike, small, endless walk".

When the novels finally began to appear in print, they were an immediate success in Turkey and foreign publishers soon showed interest. His third novel, *The White Castle*, was published in hardback in England by the Independent Imprint Carcanet. Faber & Faber bought the paperback

rights. His latest book is being translated into English after selling 180,000 copies in Turkey, nearly a publishing record for that country.

The title, *The New Life*, derives from Dante, the story is about a 21-year-old student who reads a book which impresses him so much that it alters his entire existence. What the reader never discovers is the content of the miraculous book, a wry and courageous deconstruction of the very notion of sacred texts.

"Of course it alludes to the Third World way of reading a

book," Pamuk says. "The idea that you can read something and it will give you the secret of the universe."

His fiction is not revelatory in that sense but his themes, rooted in his childhood experience of living in a city with a perpetual identity crisis of its own, are proving to have near universal appeal. "I am not in England as a Turkish novelist but as a novelist," he insists, smiling with the confidence of someone who is already being hailed in literary circles as a future contender for the Nobel prize for literature.

Doomed love affair with synthetics

The incautious use of chemicals is playing havoc with our hormones, reports Jon Turney

If you want to get a chat's attention, grabbing him by the testicles usually works. Scientists have made much of the claim that human sperm counts are falling, by as much as half in the last 50 years according to some studies. If the trend continues, industrial society will simply fade away. The few remaining sperm, weak or malformed, will still try to beat their way toward union with an egg, but most will fail.

If this is our fate, we will have brought it on ourselves by our incautious use of synthetic chemicals which mimic potent hormones. Our *Stolen Future* rounds up all the evidence that common products like pesticides, plastics and detergents contain substances which have powerful effects on animal and human hormone systems. It is a call for a radical reassessment of our assumptions about measuring toxic effects. Beyond that, like Rachel Carson's classic *Silent Spring*, it is an invitation to reconsider our attitude to the living world, to realise that the only way to

dominate nature is to destroy it. That is not a new message, and it always evokes strong reactions. Some think the population explosion, and the unprecedented good health and longevity of most people in developed countries, show that there are no real ill-effects from our industrial love affair with synthetic chemistry. Others throw out their children's plastic toys and scrub every carrot to try and remove invisible contaminants. The rest of us just feel vaguely uneasy from time to time.

The burden of the book is that there are good reasons for that unease. Although governments and regulatory agencies have banned obvious nasties, they may have missed some more subtle effects because researchers were looking in the wrong place. In particular, a preoccupation with cancer has diverted effort from studies of the effect of substances which mimic natural hormones on development and reproduction. Theo Colborn spent seven years pulling together what studies there were, beginning with the wildlife of

the Great Lakes in North America but eventually ranging worldwide. She convinced herself that the accumulated findings tell us something important, and joined her colleague Myers and environmental journalist Dumanoski to try and persuade the world at large. The result is a cool-headed book which is persuasive that there is a case to answer.

OUR STOLEN FUTURE by Theo Colborn, Dianne Dumanoski and John Myers Link, Brown £18.99, 306 pages

The evidence for quasi-hormonal effects is varied. Some come from planned laboratory studies, some from serendipitous findings, like the sudden change in the growth of a cell culture which was traced back to a change in the manufacturer's formulation for a piece of plastic tubing. Many more come from naturalists and ecologists logging infertility, malformed reproductive organs or worse, in fish, polar bears, alligators, gulls,

seals and others. The summaries of all these studies make for rather repetitive reading, but it is their cumulative message which matters. Deciding which of many chemical candidates may cause which effect is extremely difficult, but a number of broad conclusions seem well established.

Many synthetic chemicals can mimic natural hormones, especially sex hormones, and they tend to concentrate in body fat of creatures high up the food chain. Their natural counterparts commonly have important effects in embryonic and later development, and such effects can be imitated by the new substances. We are all exposed to varying amounts of such substances, many of which are now dispersed from pole to pole.

Whether human exposure has any serious effects is still not clear. But as the authors say, "the existing information may not allow any reliable estimates regarding human exposure to hormone-disrupting chemicals and the magnitude of the hazard, but there is enough evidence to raise pro-

found and troubling questions". We are, in effect, in the midst of a global experiment, and the results are not yet in. Indeed, interpreting what results there are is problematic, because there is no longer any control group - an uncontaminated population - to compare with.

And what of those sperm counts? The latest results, published after this book appeared, challenge the conclusion that there has been a decline, and suggest that the earlier studies were flawed by geographical variations. Further studies will follow. They probably need to be part of a large new research programme which, to judge from the foreword from US vice-president Al Gore, should now expand pretty rapidly. It will not resolve the doubts quickly, partly because there may well be second or even third generation effects. That will give us time to think hard about how high a price we are prepared to pay for need-free golf-greens, shrubbed vegetables and plastic wrapping. Meanwhile, the experiment goes on.

Obstacles to Irish unity

Philip Stephens on a one-sided look at the recent cease-fire

The one thing that is certain about the process which brought the IRA temporarily to put aside its guns and set in August 1994 is that the full story will not be told for many years, perhaps decades. All sides - the British and Irish governments, and the unionists, nationalists and republicans of Northern Ireland - have too much to lose for the truth to be told so close to events.

We know now that the London government's contacts with the IRA long pre-dated its public admission that it was talking to people it had always branded as terrorists and murderers. The security service established contacts with the IRA even while Margaret Thatcher was still in 10 Downing Street. But the details and the depth of such contacts and the true motives of the main players remain shrouded in mystery. So too does the extent to which the politicians were prepared to mislead their electorates.

So readers of this (very rough) draft of recent history

by Eamonn Mallie and David McKittrick should not expect either a full or an impartial account of the hopes which were raised and then dashed by the IRA's 18-month cease-fire. The two authors, experienced journalists, are based respectively in Belfast and Dublin. It shows.

They have clearly been given much help from nationalists and republicans. One senior official in Dublin remarked recently that the former Irish prime minister Albert Reynolds appeared to have handed them the key to his filing cabinets. The leaders of Sinn Fein/IRA also figure prominently in a lengthy list of acknowledgements.

The book thus provides a vivid account of the tortuous process which led the IRA to halt its 25-year terrorist campaign and opt instead for what it called "TUAS". A Totally

Unarmed Strategy, for a united Ireland. Here is the insider's chronology of the contacts of Gerry Adams and his colleagues in Sinn Fein with John Hume, the leader of the predominantly Catholic SDLP, and with two Irish prime ministers, Charles Haughey and Albert Reynolds.

THE FIGHT FOR PEACE: THE SECRET STORY BEHIND THE IRISH PEACE PROCESS by Eamonn Mallie and David McKittrick Heinemann £8.99, 320 pages

The authors turn up much previously unpublished documentation. The path to the December 1993 Downing Street Declaration and the subsequent IRA cease-fire is no straight line. But it is one made comprehensible by the

authors' account of the evolution of Republican thinking.

Almost inadvertently, the book also reveals how the IRA/Sinn Fein has been trapped by its history, clinging to an analysis of the causes of Irish division which long ago lost touch with reality. Thus the British, not Ulster's unionist majority, were (and still are) by many Republicans seen as the principal obstacle to Irish unity.

Thus until the then Northern Ireland Secretary Peter Brooke announced otherwise in November 1990, London was deemed to be holding out to the province because of its own "selfish strategic, and economic interests". Nothing could have been further from the truth.

Mallie and McKittrick, however, are lost when it comes to seeing the story from the other side. They fail to understand the motivation and reactions of

John Major's government. In the framing of the successive declarations with his Irish counterparts which preceded and followed the cease-fire, the British prime minister is portrayed as relentlessly pessimistic and obstructive. Mostly, he was merely understandably careful.

Nowhere is there an analysis of how it was that a British politician whose consciousness had hardly been touched by the conflict saw the making of peace in Northern Ireland as his best chance of a lasting place in the history books. Inexplicably, Ulster's unionists, the protestant majority whose constitutional veto is the only bar to a united Ireland, are treated almost as onlookers.

No doubt Major made many mistakes in his response to the cease-fire. More than once, he was cautious when he might

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ARTS

The Show's the thing

William Packer visits the Royal Academy's Summer Exhibition

The Royal Academy Summer Show has never been, at least over the 30 years that I have known it, as bad as popular myth supposes.

There may be certain recently elected academicians who do not know quite what they have joined.

For, above all else, the academy is its members, a self-electing body of artists, covering a broad spectrum of activity and interest.

As always it requires a certain effort to enjoy, for with 1322 exhibits, some 200 up on last year, there is much searching to do, and care to be taken not to miss good things.

The Royal Academy Summer Exhibition 1996: Burlington House, Piccadilly W1, until August 18; sponsored by Guinness.



Another good year: 'The Shaving Mirror' by Norman Blamey, RA.

Television/Christopher Dunkley

Dramatic doctors

The longest running soap opera on British television, and one of the most successful in the world, is Coronation Street.

Having changed to its more dramatic title (which has been almost endlessly imitated: ER, meaning emergency room, and Casualty being just two of the most recent) it went on for ten years, running twice a week for much of that period.

We are not given a full episode, merely a few excerpts within Peter Lydon's engrossing 60-minute documentary *Playing Doctor*.

Clearly in six hours it is impossible to do more than skim the surface of what has been one of the richest drama seams of the modern era.

What we do get is a 1995 episode of *Dr Kildare* with the handsome young intern persuading an older doctor not to

shoot himself, the 1993 episode of *Casualty* in which medical teams labour to free the injured after a train crash.

What this latest in BBC's themed evenings conveys above all is that we are wrong if we imagine that the old medical dramas were just doctor-nurse romances and that it is only recently that tough medical and ethical problems have been introduced.

Sister Young, where are you when the audience really needs you?

that was in the late 1960s. By the time *M.A.S.H.* began in 1972 matters had changed considerably.

In *Playing Doctor* Alan Alda, who played the central role of Hawkeye throughout the 255 episodes of *M.A.S.H.*, explained how constraints at the start of the series (concerning, for example, how much blood might be shown) were rapidly relaxed as the unusually frank portrayal of medical practices and doctors' mores became a huge success with viewers.

Docs On The Box makes some mention, though not much, of the way in which television's recent medical series have supposedly gone to flippancy and sardonic extremes, portraying young doctors as hopelessly overworked, hurried and cynical.

Not the Royal Academy

Many are called but few are chosen. Anyone can submit works of art for the Royal Academy Summer Show.

The last six years the Llewellyn Alexander Gallery has operated a Salon des Refusés, an idea pretentiously copied from the first Impressionists who, refused entry to the Paris Salon in 1863, organised their own show and made art history.

Llewellyn Alexander's "Not the Royal Academy", which continues at its Old Vic gallery, near Waterloo, until September 7 contains nothing that will frighten the horses and few

items that will excite the critics but it is popular, well-liked art, with wide appeal. Around 1,200 of the 9,000 works turned down by the RA are given a second chance. They are shown in batches of 250, with a rehang every three weeks, and in the past around a third of them have found buyers.

But ambition needs to be restrained. Llewellyn Alexander insists on lower prices. Artists add a

premium with the Summer Show in their sights, but works of art accepted at "Not the Royal Academy" must be priced at least a third less than when they were RA hopefuls.

The average price is £500 but since Llewellyn Alexander, unlike the RA, favours miniatures and cabinet pictures there are pictures available for as little as £150. The top price in the first offering is a £14,500 tag on a meticulous portrait of a life by Bill

Mundy. Mundy is not being over ambitious. He is a successful portrait painter, especially of foreign royalty, and has another work safely on show across the river at Burlington House.

Llewellyn Alexander's artists are conventional and like colour; there is little abstraction on view. If the RA does become more avant-garde in its selection policy in the future, "Not the Royal Academy" will become even more vital for artists whose lifelong ambition is to have a London show.

A.T.

If you are in the market for an extinct Great Auk (stuffed), or a Victorian jelly mould, there is only one place to go over the next week - the Fine Art and Antiques Fair at London's Olympia.

Antiques fair/Antony Thorncroft Bric-à-brac of the past

These days reveals less brown furniture and fewer Old Masters, although there are still scores of Georgian tables and hundreds of decorative paintings.

The Great Auk is on the Hawkins and Hawkins stand, which specialises in taxidermy. It is priced at over £100,000 and is already under offer but there is an equally extinct Great Bustard for £6,000. It was stuffed by the Victorian taxidermist Roland Ward, and looks in fine fettle.

Talisman is offering the four-poster Indian silver bed with its enamel palm fronds and tortoiseshell inlay for £35,000. The 96 tea cosies, dating from the 1880s to an early plastic model of the 1930s, can be bought

John Flaxman, and busts by the fairly famous, such as the American artist Henry H. Kitson, ranging in price from £300 to £8,500.

For many dealers Olympia determines whether they make a profit or loss on the year. Some country dealers reckon to achieve a third of their annual sales on this trip to London.

For, despite the occasional good month, trade is still depressed. It mirrors the house market - more optimistic but still depressingly weak.

And first signs are that it has got off to a good start. The tea cosies sold en masse in the first five minutes, while the current obsession with famous names ensured that a gold scent bottle engraved by Nelson for Lady Hamilton was also snapped up.

Radio 5 Live. I have to admit, for me suffers through its medium wavelength and my obsession with the finer things in life that profit from VHF.

For those prepared to slum it aurally, however, the prize-winning station comes up with good, breezy stuff. Last week's *Race Around the UK*, for instance, despite a name that might have heralded some hideous sports event, was a bracing survey of race in Britain.

The tone was set by *The Big Picture*, an hour-long kaleidoscope of accent and attitude presented by Trevor MacDonald. Italians in Bedford were the most cheerful, descendants of post-war brickwork labourers happily combining new and old identities, even to the point of harvesting their own wine in Bedford.

Not so the Chinese Liverpool lot who recited "Baa-Baa Black Sheep" in Chinese and Scouse, from Europe's oldest Chinatown. Or the Manchester Irish. The latter rather cynically attributed their acceptance to the fact that their skin is the right colour; there are more obviously identifiable minorities for us to discriminate against these days.

Radio/Martin Hoyle Accents and attitudes

Tower Hamlets Bangladeshis, their horizon dominated by the City and Canary Wharf, with their feelings of exclusion from some El Dorado. The Greek Cypriots of Great Yarmouth whose religion keeps them recognisably a southern people. Above all, the Jamaicans of Deptford who deny any stake in British society.

"All I want from this country is my education and I'm off," said one. Others claimed there were few ways of getting money except by mugging. When reminded that this was wrong, one shouted "They should give us money then."

This is an area I know. Leaving aside armed muggings (two in my case), leaving aside the poverty and unemployment in a mainly immigrant area which as a point of simple statistics will mean a high ratio of

black crime. I would suggest that the holding your handbag and crossing the road are eminently understandable tactics in parts of south London, and not necessarily the product of post-imperialistic fascistist whimsy.

While liberalism came under scrutiny in *Double Jeopardy*, the chronicle of a hypothetical crime (drugs, rape), a studio presenter dealing out the plot's cards to real policemen (black and white), barristers and judges (ditto). This proved a minefield most of all at the moment when the policeman seeing something suspicious in a black tea. The presenter, Geoffrey Robertson QC, did his best to meddle the coppers. They struggled to keep their patience as we outlined the scenario that included a Rasta driving up in a flash car, "the sort of car you'd love to own - if you could afford it."

Actually, once it got into the procedure and ethics of lawyers, the programme lost steam: Robertson sounded both more adult and a great deal duller. Best of the bunch was black woman barrister, sensible, sensitive, no nonsense, professionally adept at defence or prosecution. Any Brick Lane racist you would be lucky to have her defend him. The trouble is he would get off.

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ARTS

Madness, music and emotion

Both onstage and off, Finnish soprano Karita Mattila has a style entirely her own, reports Andrew Clark

By her own admission, Karita Mattila is ever-so-slightly mad. "I'm not a shouter," says the Finnish soprano, who sings Elisabeth in *Don Carlos* at London's Royal Opera House next week, "but I'm not afraid to speak my mind if I think I'm being treated unfairly. I'm very down-to-earth in the way I organise my life, but there are moments of madness, and I suppose I face them on stage. Those unlimited, uncontrolled emotions - it's good to get close to them. You know what they say about artists: if we weren't artists, we'd be psychopaths..."

Madness, in the form of Mattila's extrovert personality, is just one of the clues to the sharp upward curve in her fortunes over the past couple of years. She has sung Puccini, Wagner and Tchaikovsky at the Met, and enjoyed a big success as Strauss's Chrysothemis at Salzburg and Florence. In March she won the hearts of Parisian audiences with her anguished Elisabeth, in the same production that Covent Garden will see. There is no "mad scene" in any of these parts, but Mattila laid bare their emotional core with harrowing intensity.

A strikingly tall and blonde 35-year-old, Mattila is one of those rare singers who can portray conflicting feelings without forced or unnatural movement. Her voice is as distinctive as her appearance: she has an ecstatic top, a strong middle range and a soulful timbre, all of which make her one of the most versatile singers in the business. She plays the fun-loving Musetta in *Bohème* as convincingly as the tormented Lisa in *The Queen of Spades* or the blossoming Eva in *Meistersinger*. Offstage and on, Mattila has a style entirely her own.

She was the first-ever Cardiff Singer of the World in 1983, winning the competition shortly before graduating from

the Sibelius Academy. Like all subsequent winners, she was instantly launched on an international career. By 1996 she was singing Fiordiligi at Covent Garden, and Mozart's soprano roles were her calling card in most of the world's other big opera houses.

The past two seasons have found her moving into heavier repertoire, and the change seems to suit her. Mattila may not be the classic Italian lirico-soprano, but she carries off her Verdi roles with aplomb. With her statuesque carriage and bright vocal colouring, she was

Mattila is one of those rare singers who can portray conflicting feelings naturally

born to sing the doomed heroines of the Slavic repertoire, and she is equally keen to add to her Wagner and Strauss. Next season finds her singing Elsa in *Lohengrin* in San Francisco, Paris and London. Arabella, Jenfa, Puccini's Manon Lescaut and Marie in *Wozzeck* are also on the horizon.

"I'd love to stay in this uncatagorizable state," says Mattila. "I always knew I wasn't going to die a Mozart singer, and I'm happy with the recognition I'm getting with my new parts. But it infuriates me when people try to categorise you as an Italian or German soprano. Phrasing and style may vary in different parts of the repertoire, but your voice and technique should remain the same. What makes a singer's personality is vocal colour, and that's what I've tried to preserve. The danger when you sing a heavier

role is that you try to sing with a heavier voice. You have to trust that your natural voice is enough."

Such sensible views show the influence of her teacher Vera Rosza, with whom she has studied in London since 1984. But Mattila's ideas about opera-as-theatre are her own. Her training in Finland included lessons with professional actors, and she has thrived under producers who break the barriers of operatic acting. She believes in "opera being done under theatre conditions, developing the character in rehearsal. Singers can do much more than most traditional opera producers think. A good director trusts your ability to find ways of doing things that may require radical movement, and you have to see what is possible, depending on your stamina."

"It all depends on attitude. Some singers say they can't do certain moves because it prevents them from singing properly. Bullshit! If you want to make it work, you'll find a way. I hate it when singers don't look right for the part or can't act. The operatic world has tried to avoid this subject, as if music alone is enough to create the illusion. If I'm in a weak production and there's nothing to hang on to, I get nervous. The deeper you involve yourself in a role, the easier it is to sing."

Is she not at a disadvantage because of her height? "No! I just feel sorry for people who are smaller. Some men don't like it. Dennis O'Neill, for example, told me he could never work with me because I was too tall for him."

Although Mattila and her husband are now based in London, her heart remains in Finland. She comes from a farming family, and says her country's culture and landscape are the key to her personality. "I've been told I'm suited to the Slavic repertoire because there's so much sadness in my voice. Finland is



Karita Mattila in 'Don Carlos'. 'The deeper you involve yourself in a role, the easier it is to sing it'

closer to the Slav countries than to Scandinavia. Winter is cold and summer is short - one is for drinking and sleeping, the other for living and making love. Finnish people

are like deep-water fish. On the outside you think they just try to keep warm and are very introverted. You have to swim deep to get to know them and then - God, what a world!"

Don Carlos, opening next Tuesday, marks the start of a six-week Verdi festival at the Royal Opera House (0171-304 4000).

Comrades in culture

Jeremy Grant reports on Rostropovich's visit to Hanoi

For the hawkers in conical hats selling US-made chewing gum, it must have been quite a sight. But for the few foreigners that made it to the invitation-only recital in Hanoi last week, the appearance of Russian cellist Mstislav Rostropovich on a giant video screen was enough to stop traffic.

In a city regarded as the cultural, as well as political capital of Vietnam, there is no shortage of art galleries, museums and traditional shows. However the standard western concert has yet to make its mark. This visit, at the invitation of the ministry of culture and Hennessey, was therefore a rare and welcome event.

This was Rostropovich's first visit to Vietnam, which is surprising since his connections with the country go back to the 1960s, when Vietnamese cellists were under his tutelage at the Moscow Conservatoire. Indeed, three are now officials in the culture ministry and another, now professor of cello at the Hanoi Conservatoire, took delight in comparing the evening. As his old mentor strode on and off the stage, Mr Tuong would lunge, hoping for a comradely hug.

The evening had a special resonance for Vietnamese, particularly those who had spent years in the former Soviet Union. The venue itself, a vast socialist statement in concrete and glass, was built by Moscow in the 1960s as a gift. It is still known as the "Viet-Xo" (Vietnam-Soviet) Cultural Palace.

However, despite years of Soviet patronage, Vietnam's musical infrastructure is in tatters. Hanoi manages to sustain two orchestras, but state funds are in critically short supply. The conservatoire has not been able to buy sheet music for years. However, things started to look up last year when the Japanese government gave the institution a series of instruments including 23 pianos - as part of its aid programme.

Standard at the conservatoire are high but most students end up seeking high-paying jobs with foreign joint ventures: professional musicians are an unwanted commodity in these days of *doi moi*, a sort of Vietnamese perestroika that has emerged since 1986.

Although looking tired after two days conducting the London Symphony Orchestra in Salzburg, and busying himself at his own festival at Evian before that, the 69-year-old Rostropovich seemed sprightly enough at a pre-concert chat. He was warm in his praise of Vietnamese musicians: "They are my musical grandchildren. They were very good."

However, he had reservations about the programme he had picked. Would it perhaps be "too serious" for the Vietnamese? Apparently not. The audience of about 1,200, including the Vietnamese minister of culture, could not have more responsive. It was the same for the hundreds of young Vietnamese sitting cross-legged outside watching the concert relayed on screen.

The Brahms Sonata No 2, Op 99 provided the meat of the first half and was warmly received. Nor was there any problem with the Shostakovich Sonata No 2, where Rostropovich seemed most comfortable. If there had been some ragged bowing in the Brahms, any feeling of uncertainty was dispelled with the gusto with which he tackled a score littered with tricky fingering.

Moments after the end of the second encore - Faure's *Après un rève* - he was besieged with girls bearing bouquets. A beaming Russian ambassador tried and failed to penetrate the crowd and left on stage what appeared to be a shrub, draped with the Russian flag.

Then, perhaps inevitably, speeches. Rostropovich spoke kindly in Russian and Mr Tuong got his hug. It was a nice touch in what was, essentially, a very comradely affair. The sooner they do it again, the better.

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FOOD AND DRINK

Stout

Prague's black velvet revolution

Pat Butcher enjoys a pint of Guinness in a pleasant Irish atmosphere - in the Czech Republic

In the wake of the velvet revolution six years ago, the US brewing company, Anheuser-Busch, makers of Bud and Bud- Lite, approached the cash-strapped Czechs and offered to buy the original Budweiser brewery. Workers at the plant, making the celebrated Budvar, were horrified and appealed to Vaclav Havel, then president-elect, to help rebuff the American invasion. The Americans were laughed out of the land. But where Uncle Sam failed, the canny Irish appear to have succeeded. Prague is, if not awash with stout drinkers, running a substantial tributary of the "Liffey water". At the last count, there were five Irish pubs in Prague, and one opened last week in the Czech second city of Brno. The delighted owners are sitting back in front of their glistening, cream-topped glasses, and planning the second wave of expansion in this black velvet revolution.

Guinness is not beer as the Czechs know it, it is a unique product. Its only competition is Beamish or Murphy's. We would never think of bringing Irish or British-style lager here. It would be a waste of time. Also, Dublin and Prague are very similar, smallish cities, unique places." The Joyce takes pride of place in the Prague Irish pub pantheon. Tucked away near a local coffee house in Lilitova, a meandering cobbled street, a short stroll away from the medieval Charles Bridge, it was first on the Prague stout scene. Haughton, who had just returned from a Sunday afternoon wine-tasting trip - "musn't forget our lady

factors: "Guinness is not beer as the Czechs know it, it is a unique product. Its only competition is Beamish or Murphy's. We would never think of bringing Irish or British-style lager here. It would be a waste of time. Also, Dublin and Prague are very similar, smallish cities, unique places." The Joyce takes pride of place in the Prague Irish pub pantheon. Tucked away near a local coffee house in Lilitova, a meandering cobbled street, a short stroll away from the medieval Charles Bridge, it was first on the Prague stout scene. Haughton, who had just returned from a Sunday afternoon wine-tasting trip - "musn't forget our lady

local norm, keep many Czechs away. But as attractive as the beers - Budvar, Staropraven and, of course, Guinness - are, food is the key, says Haughton. His all-day full Irish breakfast costs 230 koruny (\$5.50). There is even an in-house "bookie", computer consultant Scott Weir, who services wagers on everything from horses and football to the Eurovision Song Contest.

There is a regular home-from-home fish-and-chip night, for which Haughton obtains fish from the Dublin market; roast beef for Sunday lunch and, of course, potatoes, bacon and cabbage for the evening

of St Patrick's Day. "We have had President Havel in here three times, we've had actor Dennis Hopper for lunch, singer Bob Geldof, many Czech politicians, writers and musicians. "We've had British Airways and Barclays entertaining clients here. On the other hand, we've had irate prospective local landlords in here, complaining that we've forced the price of property up."

Patricia Kavanagh, who is financial controller for the Mortons, proudly proclaims a revolution of a different sort. "Scarlett's is the only pub in Prague to have a woman manager." But Kavanagh and her employees, who were away preparing the opening of Molly Malone's in Brno, prefer the more genteel atmosphere of Molly's in Prague's Stare Mesto (Old Town). Molly's has an equally distinguished guest list: "We've had Steven Spielberg, Tom Cruise and Nicole Kidman in." But, like Scarlett's, Molly Malone's attracts more Czechs, up to 80 per cent of the clientele, with its cheaper price list. I did not have time to visit The Derby and O'Brien's, both a little further from the centre in Prague 7. However, given the architectural surprise on almost every street corner in one of the most accessible of central Europe's resurgent capitals - less than two hours' flight from London - I am sure the longer walk will be just as worthwhile.

Italy's star in the wine firmament

Jancis Robinson meets self-publicist Angelo Gaja

Angelo would love to talk to you. Angelo Gaja's earthly representative in London (his public relations manager). He's about to enter the British market again and he thinks the Financial Times is very important. And no wonder. A case of one of his most famous Barbaresco can easily cost more than £1,000 - well up to first-growth price levels. This is the man who has steadily built up the international cachet of his native village in Piedmont, north-west Italy - for long seen as "a loser wine" (initially for not being Bordeaux or Burgundy and subsequently for not being its more famous neighbour Barolo) - so that today Angelo Gaja is the Italian star in the wine firmament.

The wines of Angelo Gaja

Gaja is keen to distance himself from Galgal of Côte-Rôtie who could also sell his three, stratospherically priced single-vineyard "crus", many times over to eager buyers all over the world. He has no equivalent of Galgal's large-volume Côte-du-Pône. He makes only 2,000 cases of his regular Barbaresco every year; 3,000 of Barolo (less expensive because I haven't built the market yet); 1,000 of his Damasc Cabernet Sauvignon; and about 4,000 of carefully crafted wine from another interloper, Chardonnay. Because of his energetic marketing, his wines are extremely well-known. For current drinking his suggestions 1986, 1983 but not yet 1978 regular Barbaresco; 1982, 1979, 1970 and 1971 crus: irrefragable Sorì Sori Louisa; massive Sorì Tili; and brawny Costa-Rossini. My advice is to try the relatively accessible 1982 Sorì Moresca for a taste of Gaja Nebbiolo at £15 a bottle, and persuade your closest, most generous friends to invest in the rest.

wine import business in Italy to reflect glory on his own wines. "I don't like, I never looked for Gaja equals Domaine de la Romanée Conti importer idea." Gaja Distribuzione makes as much money as his own vineyards, totalling more than 100ha in Piedmont alone (including Barolo nowadays), supplemented by Tuscan holdings in Brunello di Montalcino

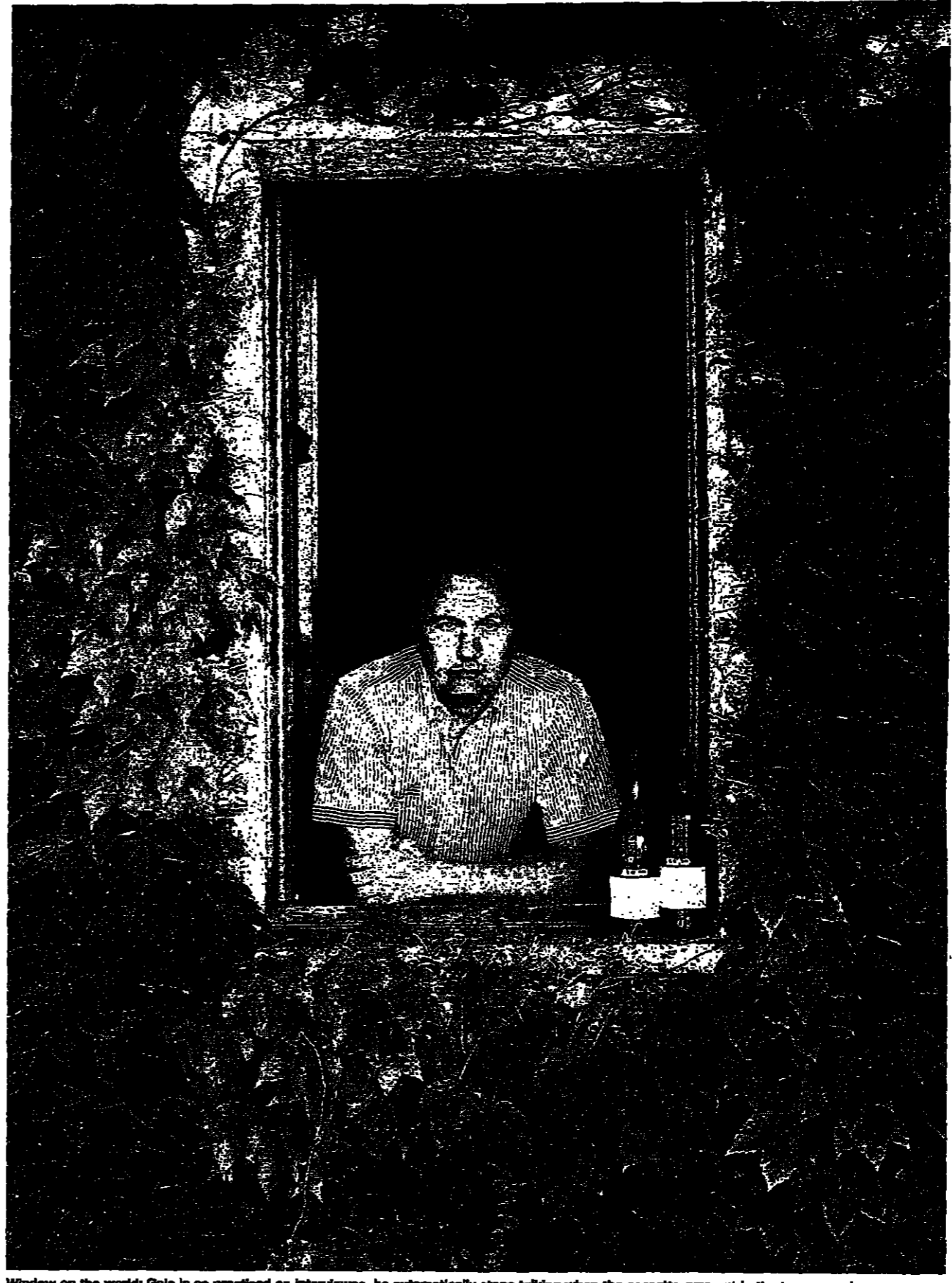
to enlarge the knowledge of all his staff. When I experiment, every last one in the business and the house is capable of understanding what I am doing." The Gaja ménage, and succession, are fascinating. He took over the family business from his father in 1983 after eight years working in the vineyards - "a very good school, a life school, for me." He had already taken an MA in economics - in fact, the only silence during our encounter followed my asking him how important he thought that acquired expertise had been to his business. There was a contemplative intake of breath and then: "Yes, I cannot deny it, but I always regret losing a bit of time in the winery." It gave him the insight, however, to remain independent of banks. His expensive expansionism, involving not just land but financing his own oak seasoning for the all-important barrels, has been financed by personal loans from a few individuals, some of them his father's customers originally, who are "strong believers in me. I never had to give them shares; they just like my wines. This was an important key."

Financial independence has been underpinned by domestic felicity. Gaja employs 50 people in the correct proportions for someone with his unusual understanding of both wine quality and economics: 45 in the vineyard, six in the cellar

Gaja's hero is California's Robert Mondavi, another PR genius

and Bolgheri where Sassicaia, Ornellaia and the delicious new Guado al Tasso are made by various branches of the Antinori family. This is the only wine name as famous as Gaja outside Italy. Gaja imports not just some of the grandest wines in the world into Italy, but also Riedel's specially wine-friendly (and equally ambitiously priced) glasses, and wines from favourite people in the international wine fraternity. His hero is California's Robert Mondavi, another public relations genius. "So alive, so brilliant - a brother. He has passed on his abilities to his son Tim, and he experiments

and six in the office, energetically led by Lucia, his wife. "She works six days a week. "She is very strong, I am lucky." They have three children: Gaia, who is a 17-year-old classical, Rossana who is 14 and studying oenology in nearby



Window on the world: Gaja is so practised as an interviewee, he automatically stops talking when the cassette runs out in the tape recorder

Alba, and Giovanni who is just three. "Two years ago when Giovanni was a baby I bought four hammers. We crashed the television. [He mimes this destructive act.] Of course, we lost something, but we recuperated a little bit more talking. Yes of course we talk about the business sometimes..."

And what about Giovanni's future, I ask with a smile. Gaja boots with laughter and holds out his palms like two empty pages just waiting to have a life history engraved on them. "No predestination whatsoever!" he tries to say with conviction.

A refreshing way to quench thirst and support a good cause is to drink chilled Brogdale apple juice. This is available in six varieties. Bramley (the sharpest), Cox, Crispin, Egremont Russet (the sweetest), Fiesta and Worcester Pearmain. All grown the traditional way in the Kentish orchards that are the home of Britain's National Fruit Collection.

Also available for the first time are Brogdale still ciders (dry and medium), made the Kentish way with dessert apples. Supplies are limited and stocks are few. For details ring Brogdale Orchards on 01795-835286.

Philippa Davenport

Eating Out

Sofra - so good, so healthy

Nicholas Lander on the success of Turkish food in central London

If business school students were to look at the growth of London's Sofra restaurants, they would find it an interesting case study. By the end of this year, Sofra expects a turnover of £7.5m from its 12 West End sites, employing 160 staff to serve 660,000 customers. Gross profit for 1995 was £350,000. The food, predominantly Turkish, is flavoured and healthy, underpinned by olive oil, pulses and vegetables. The prices are reasonable with introductory offers at lunch from £5, and a robust lunch

and dinner meze of 11 dishes at £3.45 a person. Where any business school would quibble is with Sofra's relatively small financial return. Huseyin Ozer, Sofra's founder, owner, designer, menu planner and marketing director, would not disagree but says: "I don't do this to make money. I do it because I love it." He adds, with considerable Middle Eastern charm: "Surrounded by wine, food and friends, this is like having a birthday every day." This is the situation today, with Ozer able to indulge his

passion for Issey Miyake clothes and horse riding. It was not always so. In 1976 Ozer arrived in London to learn English, supporting himself by working part-time in a Turkish restaurant. In 1981 he took over a restaurant in Shepherd Market and turned it into a thriving concern. "I am really a cook rather than a restaurateur," Ozer said over lunch in his busy Covent Garden restaurant, "and I have loved cooking ever since I was a boy. What I try to do in London is replicate what I used to eat in Turkey and, just as important, the generosity with which food is served in Turkey, not so much in the cities but in the countryside." Ozer believes he can achieve this in a different way. First, he converts untrained staff to his own standards. With some pride he explains that the waitress is a former receptionist, the waiter a former actor and the general manager used to be a lawyer. Second, he ensures that the

decor is clean, light and simple with money only obviously spent on modern but comfortable chairs. The food is served on plain white crockery. There are no paintings on the walls and no music at lunchtimes. Ozer stresses: "There is to be no pretentiousness." Nothing must displace the natural flavours of humus, karnara, a traditional chick pea dish served with diced lamb fillet; lightly fried triangular boreks, filo pastry filled with feta cheese; manca, spinach mixed with fresh yoghurt and garlic; semi-circles of lahmacun, a type of Middle Eastern pizza; and Turkish yoghurt, mixed with diced, fresh apricots and chopped pistachios. "When I began to expand in the mid-1980s," Ozer said, "I went back to Turkey to learn more recipes not from other chefs but from Turkish households whom I think are my country's best cooks. Then I sent a couple of my chefs to learn more. One was French and while he was there he met



Huseyin Ozer, Sofra's founder, owner, designer, menu planner and marketing director

a Turkish girl, fell in love and, sadly for me, never came back."

On to his recipes Ozer has grafted a unique marketing strategy which he refers to as

"fathers and sons". The restaurant kitchens begot food for other parts of the empire. The 12 Sofras are divided by price into restaurants, bistros and cafés but are heavily concentrated close to one another in Ozer's favourite corners of London's West End, initially Mayfair, then Covent Garden and now Soho. The rationale, according to Ozer, is

simple. "By offering a choice at different prices people can come to Sofra more than once a week." A key element in this strategy has been the Café Sofra restaurants, first opened in 1993. In addition to the mezze they serve filling sandwiches, such as chicken kouskoum, lamb with tomatoes and onions and chicken, and sandia, a boneless chicken leg with herbs and spices. Ozer has opened these in small, inexpensive sites no more than 50 yards from an already existing Sofra restaurant or bistro in which the kitchen provides the café with all its cooked food. The latest addition to this family is Patisserie Sofra, the third business owned in the Tavistock Street area. This will serve the finest Turkish Delight, which Ozer spent months tracking down in Turkey. He hopes to introduce more Londoners to his inexpensive, brand of eating and is also acting as an unofficial ambassador for Turkish food: he is just off to Sydney to promote Turkish olive oil. Ozer's time in England has supplied a role model. "I would like Sofra to become the Marks and Spencers of British restaurants - reliable, fashionable and, one day, I hope, all over the country."

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

EXHIBITION
Beurs van Berlage Tel: 31-20-525325
Pablo Picasso, Lust for Life.

ANTWERP

DANCE
De Vlaamse Opera Tel: 32-3-2336808
Giselle: a choreography by Mats Ek

ATHENS

CONCERT
Athens Concert Hall Tel: 30-1-7282333
The Budapest Festival Orchestra

AVIGNON

EXHIBITION
Musée du Petit Palais Tel: 33-90 86 44 58
Deux Palais pour Rodin: part of a joint exhibition in the Musée du Petit Palais

BARCELONA

EXHIBITION
Museu Picasso Tel: 34-93-3196310
Futurism: exhibition featuring works by the leaders of this movement

BASEL

ART & ANTIQUE FAIR
Messe Basel Tel: 41-61-6962020
Art 27 '96: on this international art fair 250 galleries from Europe

BERLIN

CONCERT
Philharmonie & Kammermusikkol Tel: 49-30-2614383
Berliner Philharmonisches Orchester

BERN

CONCERT
Casino Bern Tel: 41-31-2214463/311448
Berner Symphonieorchester: with conductor Edo de Waart

BIRMINGHAM

CONCERT
Symphony Hall Tel: 44-121-2007600
Academy of St Martin in the Fields

BRUSSELS

DANCE
Opera Royal Tel: 32-2-2187015
Cullberg Ballet perform a choreography by Mats Ek to music by Gounod

CARDIFF

CONCERT
St David's Hall Tel: 44-1202-874424



A scene from 'Don Carlos', starting the Verdi season at London's Royal Opera House

Requiem: by Verdi. Performed by the BBC National Orchestra of Wales with conductor Mark Elder

CHICAGO

THEATRE
Steppenwolf Tel: 1-312-3351888
The Cryptogram: by David Mamet

CINCINNATI

EXHIBITION
Taft Museum Tel: 1-513-241-0343
The Glory of the Russia: Five Centuries of Treasures

COLOGNE

OPERA
Opernhaus Tel: 49-221-2218240
Die Zauberflöte: by Mozart

DUSSELDORF

CONCERT
Tonhalle Düsseldorf Tel: 49-211-9992081
Symphony No.2: by Mahler

EDINBURGH

EXHIBITION
Scottish National Gallery of Modern Art Tel: 44-131-558221
Alberto Giacometti 1901-1966: the first important exhibition of Giacometti's work in Britain since the retrospective held at the Tate Gallery

FRANKFURT

POP-MUSIC
Jahnhunderthalle Hoechst Tel: 49-69-3601240
Rock 'n' Roll & Oldies: featuring Stops, Christie, Herman's Hermits and Smoke

GENEVA

CONCERT
Victoria Hall Tel: 41-22-3283573
Krzysztof Zimerman: the pianist performs works by Haydn, Beethoven and Schubert

HAMBURG

EXHIBITION
Hamburger Kunsthalle Tel: 49-40-24962612
Ernst Ludwig Kirchner. Die frühe Davoser Zeit: exhibition of works by Kirchner

HANOVER

EXHIBITION
Sprongel Museum Tel: 49-511-16839375
Lyonel Feininger. Graphik aus der Sammlung des Sprongel Museum

Hannover: exhibition featuring 11 watercolours and 39 prints by Lyonel Feininger

HELSINKI

EXHIBITION
The Museum of Foreign Art, Sinebrychhoff Tel: 358-0-17336360
Views of Rome and Venice, Italian 18th Century Landscapes and Veduta

HOUSTON

EXHIBITION
The Menil Collection Tel: 1-713-525-9400
Georges Rouault: exhibition of works by Georges Rouault including 75 paintings

LEIPZIG

CONCERT
Gewandhaus zu Leipzig Tel: 49-341-127000
Die Kluge: by Orff. Performed by the Gewandhausorchester

LONDON

ART & ANTIQUE FAIR
Grosvenor House Tel: 44-171-4356406
Grosvenor House Art & Antiques Fair: for 10 days every June the Great Room of Grosvenor House provides the setting

LONDON

CONCERT
Barbican Hall Tel: 44-171-6388891
London Symphony Orchestra: with conductor André Previn

LONDON

CONCERT
Royal Opera House - Covent Garden Tel: 44-171-2129234
Don Carlos: by Verdi. Conducted by Bernard Haitink

LONDON

CONCERT
Royal Festival Hall Tel: 44-171-9804242
Shirley Bassey in Concert: performance by the British singer

Twelve Angry Men: by Reginald Rose. Directed by Harold Pinter. The cast includes Kevin Whately and Timothy West

LOS ANGELES

EXHIBITION
Morton Simon Museum of Art Tel: 1-818-449-6640
The New Wave: Bonnard, Toulouse-Lautrec and Vuillard

LUBECK

CONCERT
Musik- und Kongresshalle Tel: 49-45-7904115
Verdi-Puccini-Rossini Gala '96: a programme of arias and duets

MADRID

EXHIBITION
Fundación Juan March Tel: 34-1-4364240
Contemporáneos Fondos de Colección: exhibition of 21 paintings

MALIBU

EXHIBITION
The J. Paul Getty Museum Tel: 1-310-458-7611
Ten Centuries of French Illumination: an exhibition of 20 manuscripts

MANNHEIM

EXHIBITION
Mannheimer Kunstverein Tel: 49-621-402208
A.R. Penck. Standart - prä - Standart: exhibition of the series of large-scale black and white paintings

MILAN

OPERA
Teatro alla Scala di Milano Tel: 39-2-7203744
Fedora: by Giordano. Conducted by Gianandrea Gavazzeni

MUNICH

CONCERT
Philharmonie im Gasteig Tel: 49-89-4809825
Czech Philharmonic and Brno Choir: with conductor Enoch Z. Guttenberg

NAPLES

OPERA
Teatro di San Carlo Tel: 39-81-7672111
La Traviata: by Verdi. Conducted by Daniel Oren

NEW YORK

EXHIBITION
MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400
Picasso and Portraiture. Representation and Transformation: exhibition surveying the portrait work of Pablo Picasso

ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434
Tonhalle-Orchester: with conductor Claus Peter Flor

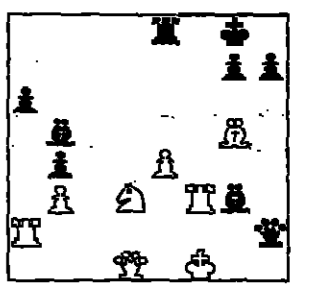
OSLO

POP-MUSIC
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CHESS

Garry Kasparov, who used to win virtually every event he played, is wobbling. Last week at Seville, in the highest rated tournament in chess history, Kasparov had to settle for shared third prize.

Threatening both 18 Bxa6 and 18 exd7... Nxb6 18 Qd6! Re8 19 Bc6+ Rxf8 20 Qxd7 Kx7 21 Qc7+ Kxe6 22 Kg2 Resigns. The threat is Re4+Qd4+ and Qd5 mate, while 22... b6 23 Re1 Kf5 24 Qxd7 leaves the BK fatally exposed.



Kasparov v Kramnik, Seville 1996. Black sacrificed a rook for this position where the world No 1's king is in dire straits. Kasparov hoped for 1... Qxa2 2 Raxg3, but Kramnik won by a checking series starting 1... Qh1-2 Ke2 Rxe4+. They both missed something better still. How can Kramnik (Black) to play force checkmate in a few moves? Solution Page 11

Leonard Barden

BRIDGE

Following a Simultaneous Duplicate event, one has the dubious pleasure of receiving a booklet of hands with an expert commentary. It reveals both brilliance and blunder unmercifully.

8
5 4
10 9 6 4
W E
10 9 7 5 K Q 6 4 3
K J 10 9 6 A Q 7 2
5 10 3 2
A 5 3 S K

With East-West vulnerable, East opened 1S, South overcalled 2D and West bid 4S, North sacrificed in 5D, which East doubled, ending the auction. West leads 10, to East's Q4 and South's A4. South cashes A4, and ruffs a spade in dummy to lead another trump.

East plays small. At this point, the commentary suggests that South should finesse against Q4, because East's double tips him off as to its position.

Low level penalty doubles suggest that the trumps are stacked badly. Here, East is doubling because he thinks it is his last chance to gain a decent plus score - trump strength is quite irrelevant. The most compelling reason to finesse is this: you sacrificed because you thought 4S was making. But, in defence, you would have two spade tricks, and if the diamonds split 2,2, two diamond tricks - defeating 4S. In that case, falling in 5D doubled is a disaster. Your only hope of a good score is if the diamonds are 3-1, so you must assume that they are.

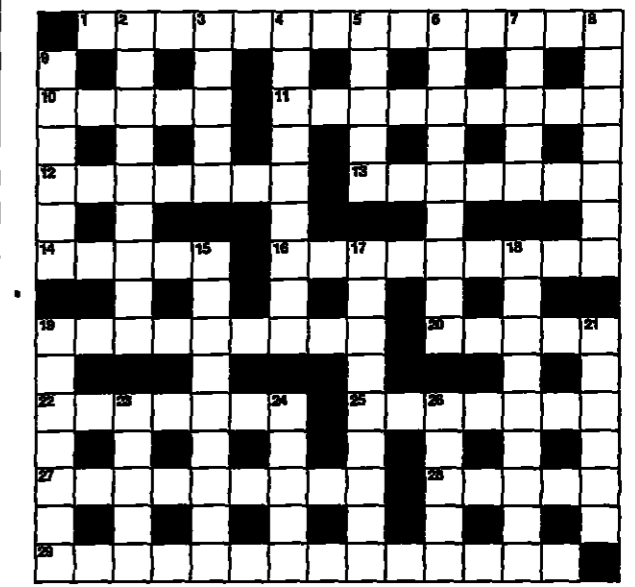
Often, both at duplicate and rubber bridge, you must place cards where you need them to be in order to score well - and play accordingly. Finesse will not be rewarded.

Paul Mendelson

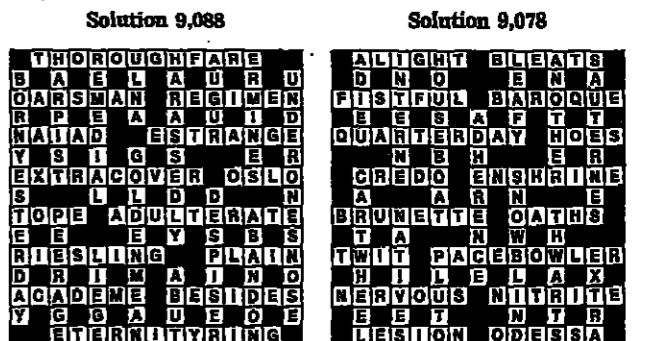
CROSSWORD

No. 9089 Set by DINMUTZ

A prize of a classic Pelican Sovereign 900 fountain pen for the first correct solution opened and five runner-up prizes of 535 Pelican vouchers. Solutions by Wednesday June 19, marked Crossword 9089 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 22.



- ACROSS
1 Long-settled in hotels, disabled sadly (3-11)
10 Type of minor ad (9)
11 Shows up again to harvest fruit (9)
12 Expedition of self-defence, Jack joins new studio (10)
13 Oasis for vents (7)
14 The Hole in the Wall in scenic Hereford (8)
15 Encouraged to go after vessel with bent pipe (3-8)
16 Shut up about climbing frame being tiresome (9)
17 Harris's river? (6)
18 Slurves in bars are powerless in light (7)
19 Book set aside (7)
20 Modern hop quite wrong for the fat, hairy set (9)
21 Some modern vehicles taken for rummage (5)
22 Surprising others, anti-lens can't end untidily (14)



WINNERS 9078: Mrs Y. Sizer, Royston, Herts; Cynthia Allison, Codnor, Derbyshire; Mrs H.M. Jones, Poole, Dorset; J.G. Morgan, Peterhead, Aberdeenshire; S.I. Ritchie, Woodford Green, Essex; N.E. Smith, Helston, Peterborough.

WEEKEND INVESTOR

Results due next week

Table with columns: Company, Sector, Amount due, Last year, Final, This year. Lists companies like ACAL, Ambery Group, Amersham International, etc.

Last week's interim results

Table with columns: Company, Sector, Year, Profit, Pre-earnings, Dividend. Lists companies like Apollo Mesco, Barcon, Broadgate Inv Trust, etc.

Figures in parentheses are for the corresponding period. Dividends are shown net of tax. Not stated values per share.

Last week's preliminary results

Table with columns: Company, Sector, Year, Profit, Earnings, Dividend. Lists companies like 3I Group, Almgang Furniture, Allied Colloids, etc.

Current takeover bids and mergers

Table with columns: Company, Bid for, Market price, Price, Value of bid, Offer. Lists companies like BET 1, CentreGold 1, Everest 1, etc.

Prices shown unless indicated. All cash offer. For capital not already held. Unconditional. Based on lunchtime prices 7/6/96.

New issues

Private investors in the £2bn British Energy float, scheduled for early July, will be able to choose between a discount of 10p a share or a one-for-15 bonus on the first 1,800 shares they hold for three years.

The government has ruled out any Railtrack-style sweeteners to help the British Energy issue along. The main reason is that, unlike Railtrack, British Energy has so far made no profits that could be used to pay a special dividend.

Bids

Shareholders halt BBA

BBA Group, the engineering group, yesterday abandoned plans to mount a £2.4bn hostile bid for Lucas Industries after shareholders warned they were reluctant to back such a large takeover.

Lucas had vowed to fight any hostile bid vigorously, saying it intended to complete the merger by the autumn. The battle for Allders International, the duty-free business of the Allders department store group, seemed to have been settled in favour of Swissair this week when the airline's £160m cash bid was accepted by the company.

In The News

Israel embarks on a roller-coaster ride

Stock market panic greeted Netanyahu's poll victory. What now for the economy and peace process? asks Julian Ozanne

First came the panic, then a slight correction and, finally, a dose of sober realism as Israel's stock market reverberated this week from the electoral victory of right-wing Likud leader Benjamin Netanyahu.

The roller-coaster ride is a sign of market fears about the potential for serious consequences on Middle East peace-making and the domestic economy arising from a change of government. But the slight correction which followed the plunge of almost 5 per cent on Thursday last week is also a mark of the uncertainty surrounding Netanyahu's policies and the mixed signals for the future of equities.

Clearly, the market wanted prime minister Shimon Peres to win the election and continue with the fragile peace process and policies to cut the budget, reduce interest rates and curb inflation. Many analysts and brokers believed a Netanyahu victory would threaten the peace process and its trade and investment flows since 1993 when the Israeli/Palestinian peace agreement was signed.

As soon as it became clear on Thursday morning last week that Netanyahu looked likely to win, panic set in and Israeli investors fled to dump equities. In what proved the biggest sell-off in the market's history, turnover topped Shk300m and the Mishtanim index of the top 100 stocks dived from 214.12 to 201.28.

By Monday this week, however, that panic had all but evaporated. The market firmed a little and continued to stabilise throughout the week. By Thursday, the last day of trading, the Mishtanim index closed at 208.08, down 2.4 per cent on its level of 214.12 before election day.

The reason the panic did not turn into a rout rests mainly with foreign investors - who have largely driven the market

in the past year - and economic fundamentals. Unlike Israel, the foreign community took a more cautious response to Netanyahu's victory, and took advantage of the nervous sell-off to buy more cheaply.

This sober foreign reaction calmed Israeli investors, as did Netanyahu's speedy assurances that he was committed to further liberalising the economy and pressing forward with privatisation. "He attaches great importance to the creation of an atmosphere of stability that will lead to

state. Moreover, Israel's equity market has become increasingly insulated from political risk and the ups and downs of peace talks. "Economic fundamentals such as growth, corporate earnings and interest rates now play a much greater role in determining stock prices than ever before," says Gad Haker, head of Batucha Securities' international department.

More important still, most Israeli high-tech companies - including ECI Telecom and Nice Systems - and many

in a market trading on only 12 to 12.5 times projected 1996 earnings. Indeed, Salomon Brothers this week put out buy recommendations on First International Bank and Bank Hapoalim, Lehman Brothers repeated a buy for Nice, and analysts continued to be bullish on most top shares except for those in the property, construction and tourism sectors.

Yet, the fact is that although the Israeli market rallied 20 per cent last year, it is still trading well below its high of early 1994 when the Mishtanim hit 290. The main reason is the government's inability to reduce inflation despite continuing tight monetary policy. With commercial bank interest rates around 17 per cent and inflationary expectations around 13 to 14 per cent, many local investors, especially those hit by the market crash of 1994, have diverted money which might have gone to equities into savings plans and consumption.

Many analysts remain pessimistic about the short-term prospects for fiscal restraint. Union Bank of Switzerland, for example, has suggested that weak fiscal discipline would force the central bank to raise interest rates from the present 15.5 to 18 per cent in the coming months. Although many Israeli analysts do not agree that such a radical increase is likely, they share the worries about a fiscal blow-out and its impact on share prices.

Even if Netanyahu holds the course of macro-economic policy, there remains the possibility of a collapse in the peace process. Any return to major violence would provoke an immediate withdrawal of foreign investment in Israeli equities.

"Everybody might pack up and go home," says David McWilliams, of UBS. In the meantime, investors are likely to sit back and watch. "Everybody is worried but are still hoping for the best," says Haker.



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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as All UK Unit Trusts, All US Unit Trusts, and All World Unit Trusts, including their names and brief descriptions.

Main table containing detailed financial data for numerous unit trusts, including columns for Name, Type, and various performance metrics like Net Asset Value and Dividend Yield.

Guide to pricing of Authorised Unit Trusts

Text explaining the pricing of unit trusts, covering initial charges, historical pricing, buying and selling prices, and treatment of managers' personal charges.

Historical Pricing

Text explaining historical pricing, detailing how prices are set and how they relate to the net asset value of the fund.

Buying and Selling Prices

Text explaining buying and selling prices, including the concept of the bid-ask spread and the impact of market conditions.

Treatment of Managers' Personal Charges

Text explaining the treatment of managers' personal charges, detailing how these charges are typically handled and their impact on the fund's performance.

Advertisement for FT Managed Funds Service featuring the headline 'Need facts and figures in a hurry?' and a coupon for requesting a cost estimate without obligation.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Main table containing various fund categories: UK Unit Trusts, International Unit Trusts, Property Unit Trusts, and Life Assurance. Each entry includes fund name, manager, and performance metrics.

INSURANCES

Table of insurance policies, including Life Assurance, Accident Insurance, and Health Insurance, with details on terms and rates.

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FT MANAGED FUNDS SERVICE

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Table of fund prices and performance metrics, including columns for fund name, price, and change.

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Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name and price.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name and interest rate.

Advertisement for Novotel hotels: 'SAVE YOUR POCKET MONEY. (CHILDREN GO FREE AT NOVOTEL)'. Includes text about child-friendly hotels and a phone number.

MANAGEMENT SERVICES

Table listing various Management Services with columns for service name and price.

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FT MANAGED FUNDS SERVICE

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Table of fund prices and performance metrics, including columns for fund names, unit prices, and percentage changes.

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES: Please see the notes on page 14 for details on the FT Cityline Unit Trusts...

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WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Jan 7/US)

Table of US stock market data including S&P 500, Dow Jones, and various sector indices with columns for date, high, low, and change.

EUROPE

AUSTRIA (Jan 7/S)

Table of Austrian stock market data.

CANADA (Jan 7/Can. \$)

Table of Canadian stock market data.

FRANCE (Jan 7/Fr.)

Table of French stock market data.

GERMANY (Jan 7/DM)

Table of German stock market data.

NETHERLANDS (Jan 7/Ft.)

Table of Dutch stock market data.

SPAIN (Jan 7/Pt.)

Table of Spanish stock market data.

SWITZERLAND (Jan 7/Fr.)

Table of Swiss stock market data.

ITALY (Jan 7/Lira)

Table of Italian stock market data.

FINLAND (Jan 7/Mk)

Table of Finnish stock market data.

AFRICA

Table of African stock market data.

SOUTH AFRICA (Jan 7/Rand)

Table of South African stock market data.

NEW ZEALAND (Jan 7/NZ\$)

Table of New Zealand stock market data.

Advertisement for Peregrine investment services, featuring a bird logo and text: 'Speak to Peregrine, the leader in Asian equities, derivatives, country funds, fixed income securities and GDR's.'

INDICES

Table of various international stock indices including Australia, Belgium, Canada, France, Germany, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Taiwan, Thailand, Turkey, and the UK.

US INDICES

Table of US stock market indices including Dow Jones, S&P 500, and various sector indices.

NEW YORK ACTIVE STOCKS

Table of active stock trading in New York, listing stock names, prices, and changes.

NEW YORK TRADING ACTIVITY

Table of trading activity in New York, including volume and value.

PACIFIC

Table of stock market data for Pacific region countries including Japan, Korea, Malaysia, Singapore, and Taiwan.

INDEX FUTURES

Table of index futures contracts for various markets.

COMMODITIES

Table of commodity prices for various goods.

EXCHANGE RATES

Table of exchange rates for various currencies.

FINANCIAL DATA

Table of financial data including interest rates and bond yields.

MARKET COMMENTARY

Textual analysis and commentary on the current market conditions.

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WORLD STOCK MARKETS

AMERICA

Interest rate worries pressure Dow

Wall Street

Rising long-term interest rates and worries that the Federal Reserve would raise short-term rates in July sent US share prices lower in lunchtime trading, writes Lisa Branstetter in New York.

throughout the morning, however, blue chip stocks managed to regain their footing by late morning. At 1 pm, the Dow was off 42.48 at 5,824.71 and the Standard & Poor's 500, which initially lost nearly 11 points, was off 7.72 at 665.31.

lower and the Morgan Stanley biotech index slumped 1.6 per cent. Commercial banks, whose margins would be squeezed by higher interest rates, were hard hit. Chase Manhattan Bank shed 1 1/4% at 77 1/4.

Latin America

Latin American market were pressured by worries of higher US interest rates. MEXICO CITY's IPC index pulled up from a sharp early fall but was still 16.22 weaker at 3,255.72 in late morning trade, shrugging off an upward revision in April's trade surplus to \$973m.

Canada

Toronto was sharply lower at mid-session with the TSE-300 composite index down 4.97 at 5,116.40 in volume of 43m shares. Barrick Gold and Bra-X Minerals were again actively traded.

Frankfurt pauses after impressive early burst

Andrew Fisher on prospects for German equities

After an impressive burst at the beginning of this year, the German stock market has stopped in its tracks - unwilling to keep up its previous pace, but unsure whether to retreat.

its mind yet, says Mr Maarten Slendebeck, German country analyst. "The picture is not very exciting. We continue to take a fairly negative view on German equities."

Even so, both developments look like marking a sea change for the economy and in the way companies treat shareholders and organise their own activities.

EUROPE

Bourses trail down in reaction to US news

The anxiously-awaited US jobs data dashed the optimists' expectations and left European markets trailing Wall Street in afternoon trade. PARIS, which was up by half a percentage point in advance of the jobs figures, ended with the CAC-40 index down 31.33, or 1.5 per cent at 2,101.99.

chips. The SMI index fell 37.6 down at 3,547.9. SMH, the watchmaker, fell SFR23 to SFR82 on profit-taking, in spite of the company's forecast that group net profits could grow at a double-digit rate this year.

launched on the market last November at L5,250 a share. Mr Romano Prodi, the prime minister, said that the size of the new issue would depend on the performance of the stock market.

banking closing SKR6 lower at SKR140. Some of the pain in Sweden, and in HELSINKI, was eased by the plans of St Anne, the Canadian forestry company, to raise its Alberta hardwood pulp price by \$50 to \$500 per tonne from July 1.

attract coalition partners from among the secularist parties. Utilities shares, heavily traded, saw Kapez rising TL6,000 to TL75,000 and Kurova up TL4,000 to TL6,000.

THE WEEK'S CHANGES

Table with columns: Location, % Change. Istanbul +7.2, Warsaw +6.3, Stockholm +0.9, Madrid +0.7, Zurich -0.3, Paris -0.4, Milan -1.1, Helsinki -3.0.

THE FT-SE ACTUARIES SHARE INDICES

Table with columns: Index Name, Jun 7, Jun 8, Jun 9, Jun 10, Jun 11, Jun 12, Jun 13, Jun 14, Jun 15, Jun 16, Jun 17, Jun 18, Jun 19, Jun 20, Jun 21, Jun 22, Jun 23, Jun 24, Jun 25, Jun 26, Jun 27, Jun 28, Jun 29, Jun 30, Jun 31.

THE WEEK'S CHANGES

Table with columns: Location, % Change. Bombay +3.8, Taipei +2.2, Manila +0.8, Hong Kong -0.5, Tokyo -0.9, Sydney -2.0, Shanghai B. -4.1.

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LONDON EQUITIES

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RISES AND FALLS

Table with columns: Index Name, Rise/Fall, % Change.

ASIA PACIFIC

Taipei up 1.3% as tankan leaves Nikkei cold

Hopes that the new cabinet would soon take measures to boost the slowing economy drove TAIPEI up 1.3 per cent while news that Taiwan's May trade surplus had soared by 142.7 per cent also helped the weighted index, which rose 77.48 to 6,096.54 in heavy turnover of T\$63.4bn.

troubled by fears of oversupply of stock ahead of its share offerings scheduled for later this month. East Japan Railway, another privatisation stock, gained Y7,000 to Y80,000.

sharply in New York, gained 90 pips to 1.640 on rumours that last year's earnings jumped by 60 to 70 per cent. Petron added 75 centavos at 10.75 pesos as investors positioned themselves ahead of proposed oil price rises in July.

awaiting the US jobs data. HONG KONG finished with mild losses after a subdued session. The Hang Seng index ended 29.28 to 11,855 as earnings fell to HK\$4.2bn.

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FT/S&P ACTUARIES WORLD INDICES

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LONDON STOCK EXCHANGE

MARKET REPORT

US employment report demolishes UK equities

By Steve Thompson, UK Stock Market Editor

A much larger-than-expected increase in the US non-farm payroll for May, inducing fears that economic activity in the US is picking up faster than economists and market observers had expected, produced another severe setback in London's equity market yesterday.

The Dow Jones Industrial Average plunged over 70 points, demolishing the fragile recovery in UK stocks that followed the surprise cut in domestic interest rates on Thursday. The cut in UK rates was viewed by many observers as a policy inspired and another indicator that a general election in the UK may be closer than previously expected.

Equally alarming for the UK market was the initial slump in US Treasury bonds, which fell around 2 points, and which unhinged the gilt market, where the 10 year gilt ended around 1/2 lower and the 20-year gilt just short of a point lower.

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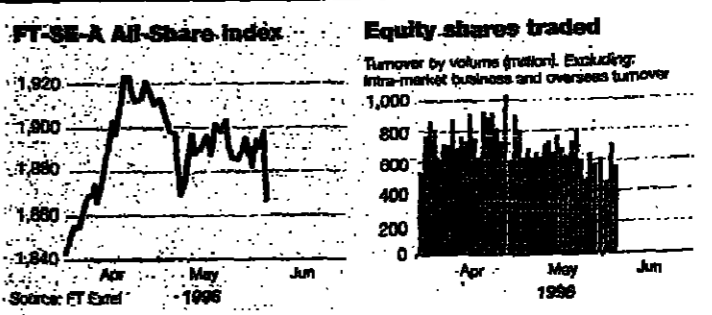


Table with columns: Index, Closing, Change, High, Low. Includes FT-SE 100 Index, FT-SE Mid 250, FT-SE A 350, FT-SE A All-Share, FT Ordinary Index, FT-SE Non-Fin p/e, FT-SE 100 Fut Jun, 10 yr Gilt yield, Long gil/equity yield ratio.

STREET VOLUME IN MAJOR STOCKS

Table listing major stocks with columns: Vol. (000s), Closing, Days' change, Vol. (000s), Closing, Days' change. Includes ASX, ASEA, ABB, etc.

EQUITY FUTURES AND OPTIONS TRADING

Table showing trading volumes for FT-SE 100 Index Futures and Options. Columns include Open, High, Low, Close, Volume, etc.

Bae hit all-time high

There was no stopping British Aerospace as the shares powered to a new high boosted by brokers' recommendations and the prospect of positive news for the company.

NEW 52 WEEK HIGHS AND LOWS

Table listing new 52-week highs and lows for various stocks. Columns include Stock Name, High, Low, Date.

CHIEF PRICE CHANGES YESTERDAY

Table listing price changes for various stocks. Columns include Stock Name, Change, High, Low.

Thames busy

Thames Water, one of the favourites in the sector to receive a takeover approach, rose shortly before the close to achieve a gain of 7 at 879p, an unusually heavy turnover of 12m shares.

Liberty jumped 42 to 289p

Liberty jumped 42 to 289p, with a positive sentiment towards the group restructuring, announced at the annual results.

FT-SE Actuaries Share Indices

Table showing FT-SE Actuaries Share Indices for various sectors like Insurance, Banking, etc.

The UK Series

Table showing UK Series data for various categories.

FT-SE Actuaries All-Share

Table showing FT-SE Actuaries All-Share performance metrics.

Hourly movements

Table showing hourly movements for FT-SE 100, FT-SE Mid 250, FT-SE A 350.

FT-SE Actuaries 350 Industry baskets

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LONDON SHARE SERVICE

MY TRUSTS SPLIT CAPITAL - Cont.

Table listing various trusts and their financial details, including names like 'The British Trust for Ornithology' and 'The British Trust for Music'.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies such as 'The Rank Group' and 'The Travelodge Group'.

LIFE ASSURANCE

Table listing life assurance companies like 'The Prudential' and 'The Standard Life Assurance Co'.

MEDIA

Table listing media companies such as 'The British Broadcasting Corporation' and 'The News Corporation'.

OTHER FINANCIAL - Cont.

Table listing other financial services companies like 'The Royal Bank of Scotland' and 'The National Westminster Bank'.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies such as 'The Newsprint Manufacturers' Association.

PHARMACEUTICALS

Table listing pharmaceutical companies like 'AstraZeneca' and 'GlaxoSmithKline'.

PROPERTY - Cont.

Table listing property companies such as 'The Landlord and Tenant Association'.

RETAILERS, FOOD

Table listing food retailers like 'The Co-operative Food' and 'The M&S Food Group'.

RETAILERS, GENERAL

Table listing general retailers such as 'The Debenhams Group' and 'The Next Group'.

SUPPORT SERVICES - Cont.

Table listing support services companies like 'The British Association of Removers'.

TELECOMMUNICATIONS

Table listing telecommunications companies such as 'British Telecommunications'.

TEXTILES & APPAREL

Table listing textiles and apparel companies like 'The Burberry Group'.

TOBACCO

Table listing tobacco companies such as 'British American Tobacco'.

TRANSPORT

Table listing transport companies like 'British Airways' and 'The British Airports Authority'.

WATER

Table listing water supply companies such as 'The United Utilities Group'.

AIM

Table listing companies on the Alternative Investment Market (AIM).

AIM - Cont.

Table listing additional companies on the AIM.

AMERICANS

Table listing American companies listed on the London Stock Exchange.

CANADIANS

Table listing Canadian companies listed on the London Stock Exchange.

SOUTH AFRICANS

Table listing South African companies listed on the London Stock Exchange.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts like 'The British Trust for International Development'.

INVESTMENT COMPANIES

Table listing investment companies such as 'The British Venture Capital Association'.

LEISURE & HOTELS

Table listing leisure and hotel companies.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies like 'BP' and 'Shell'.

OIL, INTEGRATED

Table listing integrated oil companies.

OTHER FINANCIAL

Table listing other financial services companies.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies.

PROPERTY

Table listing property companies.

RETAILERS, GENERAL - Cont.

Table listing general retailers.

RETAILERS, GENERAL - Cont.

Table listing general retailers.

SUPPORT SERVICES

Table listing support services companies.

AIM

Table listing companies on the AIM.

Advertisement for Rockwell, featuring the text 'Rockwell, builder of the space shuttle, also makes the majority of the fax and data modems in the world.' and the Rockwell logo.

GUIDE TO LONDON SHARE SERVICE

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FINANCIAL TIMES

Weekend June 8/June 9 1996



Producer's move unlikely to cause price war Australian diamond mine to quit De Beers cartel

By Niall Tait in Sydney and Kenneth Gooding in London

The owners of Australia's largest diamond mine, the world's biggest producer of rough diamonds in volume terms, have decided to quit the producers' cartel - only the third party to pull out in the cartel's 60-year history.

The decision is a blow to the diamond cartel organised by De Beers, the South African group which dominates the world's rough - or uncut - diamond business, through its Central Selling Organisation.

However a price war seems unlikely. De Beers ruled out price-cutting, which Mr Tim Capon, the director who led negotiations with Argyle, said could spiral out of control. By starting a price war at the cheaper end of the market - where most of the Argyle diamonds are sold - the CSO might cause a knock-on effect and create instability in the market.

"As usual, we are looking for orderly marketing and sensible, stable prices," he said.

While Argyle is the biggest producer in volume terms, it accounts for only 5 per cent - or about US\$4bn - of the CSO's annual intake in value terms. The Argyle stones also have small profit margins.

The other producers to quit the cartel are Ghana in 1962 and Zaire in 1981. Zaire later returned.

Argyle is 60 per cent owned by RTZ-CRA, the world's biggest mining company, while Ashton Mining, an Australian group, has 40 per cent.

Mr Michael Coulson, analyst at Nedcor Securities, said Argyle's departure had been expected and was "nicely timed" as a way of testing the market before big new diamond mines in the North-West Territories of Canada came into production. RTZ-CRA is expected to have a mine in production there by around 2000.

However, Mr Capon dismissed this idea. "Argyle is small enough to enjoy a free ride on the CSO's structure without damaging the market," he said. "It would be entirely different if it

was a big mine producing big diamonds. If RTZ ends up with a major mine we will be in there pitching in the belief we would stand a good chance of winning the marketing contract."

Argyle, which up to now has sold between 22 and 26 per cent of its own output outside the cartel, said it would sell all its production direct to the world market through an existing European sale office in Antwerp when the contract with the CSO expires this month.

The Antwerp office's main customers are two to three dozen companies, predominantly Indian, specialising in cutting small diamonds.

Mr John Robinson, Ashton's chief executive, said Argyle intended to build on this base. Relationships between Argyle and De Beers have been strained since the CSO imposed price cuts last August that reduced Argyle's diamond price by an average of 10 per cent. That came on top of a cut in the percentage of production - to 85 per cent - De Beers has been taking from members.

ING sues for \$10m over staff poaching allegations

By Nicholas Denton in London

ING Barings sued Deutsche Bank yesterday for damages of more than \$10m in a sharp escalation of the dispute over poaching by the German bank of its rival's Latin American equities staff.

The Internationale Nederlanden Groep subsidiary's complaint alleged that Deutsche Bank, Germany's largest and most respected bank, had competed unfairly in raiding its Latin American operation. Deutsche Bank, which earlier this week announced it had hired 44 former ING Barings analysts, sales staff and traders in New York, Mexico, Brazil and Chile, is understood to have signed up several more employees in Argentina.

The claims, lodged in the New York Supreme Court, include unfair competition, including breach of contract, interference with business relationships, misappropriation of confidential information, conspiracy to breach a fiduciary duty and breach of the covenant of good faith.

US investment banks occasionally sue one another in connection with staffing raids, but it is highly unusual for European institutions to become entangled in legal disputes over staff.

ING Barings has not taken legal action against Mr Jonathan Beatson-Hird, the former head of its Latin American equity operations. Mr Beatson-Hird has a clause in his contract precluding solicitation of the company's employees.

ING Barings had signalled its anger this week in a public condemnation of Deutsche Bank by Mr Hessel Lindenbergh, chief executive, and a letter from its parent to Mr Hilmar Kopper, Deutsche Bank chairman.

Mr Michael Baring, head of equities at ING Barings, said: "Deutsche Bank can hardly be surprised to find themselves now involved in litigation." Referring to the current unprofitability of Latin American equities operations, he said: "Their hiring strategy seems to us to be completely unjustifiable on commercial grounds."

Deutsche Bank, which this week said its detractors' criticisms were hypocritical and self-serving, said it had not yet seen the ING Barings complaint. "We cannot comment on legal documents that we have not seen," the bank said.

ING Barings has been forced to award pay increases in offices such as Peru to retain employees who remain.

In Brazil, it reportedly indicated to one senior executive that his bonus was set to increase from \$75,000 last year to \$80,000 in 1996, although he has since left for what is thought to be a higher amount at DMG.

Barings auditors sued, Page 4
Full of the poachers, Page 8

THE LEX COLUMN

Jobs jolt

It is possible to find reasons to shrug off yesterday's surge in US non-farm payrolls, which rose more than twice as much as expected in May. Explanations ranged from temporary hires ahead of the elections to construction gains triggered by the Atlanta Olympics. But none of this sounds very plausible. Given the scale of the jump - and the five-year high in year-on-year wage inflation - it is hard to believe the data do not signify a stronger economy. And these are the last official jobs figures before the next Federal Open Markets Committee meeting in early July. The real prospect of an interest rate rise in July is now widely acknowledged. Indeed, the September eurodollar futures contract is discounting more than a half point rate increase.

But with 30-year bond yields above 7 per cent - and two-year bonds now yielding only 70 basis points less - it may well be that an increase is priced in, and bonds, and therefore equities, should hold up reasonably well.

The positive impact on the dollar should also be relatively muted. Higher interest rates are more likely to underpin the dollar at current levels - it reached a new high for the year on Friday - than to spur it on to new peaks. For one thing, the global consensus on the benefits of a stronger dollar is fading as US exporters start complaining and the Japanese economy shows signs of strengthening, while Germany also appears to be turning itself around. Without the political support it has enjoyed so far this year, the dollar may find it hard to push much above ¥110.

Nonetheless, Argyle's decision hints at bigger question-marks for the future. Argyle is 60 per cent owned by RTZ-CRA - and RTZ-CRA is expected to bring big, high-quality Canadian diamond mines on stream around the turn of the century. In theory, either RTZ-CRA or BHP, which is also energetically active in Canada, could sell outside the cartel. In practice, however, if RTZ-CRA and BHP hit lucky they are more likely to try wresting some power away from De Beers within the cartel - they will have every incentive not to work against it. The diamond cartel may not be forever - competition authorities could justifiably take a tougher stand. Until then, it has plenty of life in it.

Lucas Industries/BBA

BBA's decision not to bid for Lucas is a victory for industrial logic over financial engineering. That is not to say BBA's case had no merits. Combining BBA's brake pads with Lucas' foundations brakes would have made operational sense. But it would have been only the first step to building a world-class braking business. Mr Bob Quarta, BBA chief executive, would still have had to buy himself the missing building blocks - notably a capability in anti-lock brakes - and might not have had the financial capacity to do so following the Lucas deal. By contrast, the Lucas/Varity merger will create a global supplier in one go and leave the combined company with a strong balance sheet.

Maybe too strong a balance sheet. Mr Quarta's prodding has highlighted the fact that the Lucas/Varity deal produces nothing up front for shareholders. That is fine, if the mooted 20 per cent enhancement in earnings per share materialises over the next three

years. But with debt of less than \$200m (\$304m) and a market value of over \$3bn, the enlarged company should have scope for a "sweetener" even after funding all the R&D its engineers can stomach. It is encouraging, therefore, that Lucas and Varity now say they are considering a share buy-back ahead of their merger.

For Mr Quarta, this is undoubtedly a setback. In the short term, BBA's share rating may well suffer from the uncertainty created by this episode. But chief executives are paid to take risks and there are few enough of them around that do. And Mr Quarta's willingness to walk away more or less gracefully should stand him in good stead when it comes to the next deal.

UK football

It may be the only place English football is likely to pick up this month, but BSkyB's \$270m contract to televise Premier League football looks a corker. The League has achieved a 176 per cent increase in annual revenues, without even addressing rights for pay-per-view television - which will be significantly more profitable for the big clubs. The deal confirms the evolution of football clubs from basket-cases to seriously profitable leisure businesses. And while the doubling of Manchester United's share price since 1995 leaves it on a racey price-earnings multiple, pay-per-view profits should eventually score a significant return.

The victory for BSkyB was predictable. It had home field advantage, as the existing licensee. And its \$7.5bn market capitalisation was built on subscriptions from sports fans; with out football, subscriber growth would go into reverse. Indeed the deal demonstrates how life has become tougher for the UK's satellite TV monopoly: if created a virtuous circle by pumping money into programmes to bring in subscribers, which funded more programmes. But in this case, it has paid an enormous price to maintain the status quo, so subscription fees will inevitably rise. At least BSkyB is well placed for negotiating pay-per-view rights for football games; and this is vital for persuading consumers to buy the decoder boxes necessary to access digital TV.

BSkyB's victory may leave Mr Michael Green, Carlton's chairman, feeling sick as a parrot following the failure of his bid. Football would have been a cornerstone for his new cable network. But by forcing up the price, Carlton has at least left BSkyB with less money to bid for other sports rights.

Japanese confidence

Continued from Page 1

balance of 4 per cent, up one point from the last survey, said input prices were going up.

Rising costs and falling prices are set to sap corporate profits growth in the coming year. Manufacturers said they expect pre-tax profits growth of 13.2 per cent in the year to next March, after a 35.8 per cent increase last year. This is despite an expected modest rise in sales growth to 3.4 per cent, from 2 per cent. Bank officials yesterday voiced particular concern about the impact of the world decline in semiconductor prices on company profits.

Another constraint on profits growth highlighted in the survey is the amount of unsold goods. The balance of producers reporting excess inventories fell by three points from the last survey to 15 per cent, but the balance of wholesalers with excess inventories rose one point to 22 per cent.

Surplus production is matched by a surplus of employment. The balance of large companies with excess employment fell by just one point to 21 per cent, although the situation is less tight among small businesses, where the balance is 5 per cent, up one point.

Smokeless cigarettes draw little enthusiasm

Continued from Page 1

Mart, Chattanooga's biggest tobacconist, thinks RJR Nabisco has done a good job on the cigarette's flavour. He has sold more than 500 packs in three days - not bad for a new product costing 10 cents a pack more than other premium brands.

One convert is Ms Heather Wingate, a student, who says she plans to stick with Eclipse.

"I like the way they don't make my clothes smell or my apartment smell," she said. "Nobody complains when I light a cigarette, and I feel more considerate when I'm smoking around other people's kids."

Ms Wingate, however, appears to be in the minority. Other Chattanoogaans agree that the dung flavour has gone, but the overwhelming majority complain that the cigarettes are still hard to smoke, and simply do not deliver enough satisfaction.

"I thought they would taste bad, and they really don't; they taste like an ultra-light cigarette," says Ms Hope Harrison, a hotel receptionist. "But you have to smoke an

entire pack just to get the effect of one Marlboro," she adds. "I like the concept a lot. It's a good idea," says the improbably named Mr David Crockett, a loan officer with a mortgage company. "But they don't seem to have any flavour to them, and if you don't sit and consistently try and smoke on them, they go out."

"I don't like them. They are just too hard to smoke. You have to puff on them so hard to get any flavour out of them that it takes your breath away and makes you cough," says Mr Ronnie Hamilton, owner of a firewood business.

But RJR Nabisco is not panicking. Test markets are a matter of months, not days, it says; and its goals are extremely modest. "If we can get just 1 per cent of the market, that will make Eclipse the most successful full-price cigarette introduction in 20 years."

Back in Chattanooga, Mr Bill Weaver, a security worker, says he tried Eclipse but won't be smoking any more of them. It's not that they tasted that bad: "But tomorrow's my birthday and I'm quitting anyway."

US jobs surge prompts share, bond sales

Continued from Page 1

Brothers, the investment bank, said higher long-term interest rates should restrain the economy later this year. But the Fed would have to "validate" higher bond yields by raising short-term

rates to avoid appearing soft on inflation in an election year.

Mr Joseph Stigitz, chief White House economist, indicated that he saw little justification for higher interest rates. The employment gains last month were broadly based, with

large increases in many service industries. But the jobless rate, which is based on a survey of households rather than companies, rose modestly to 5.6 per cent against 5.4 per cent in April, reflecting an increase in the number of people seeking work.

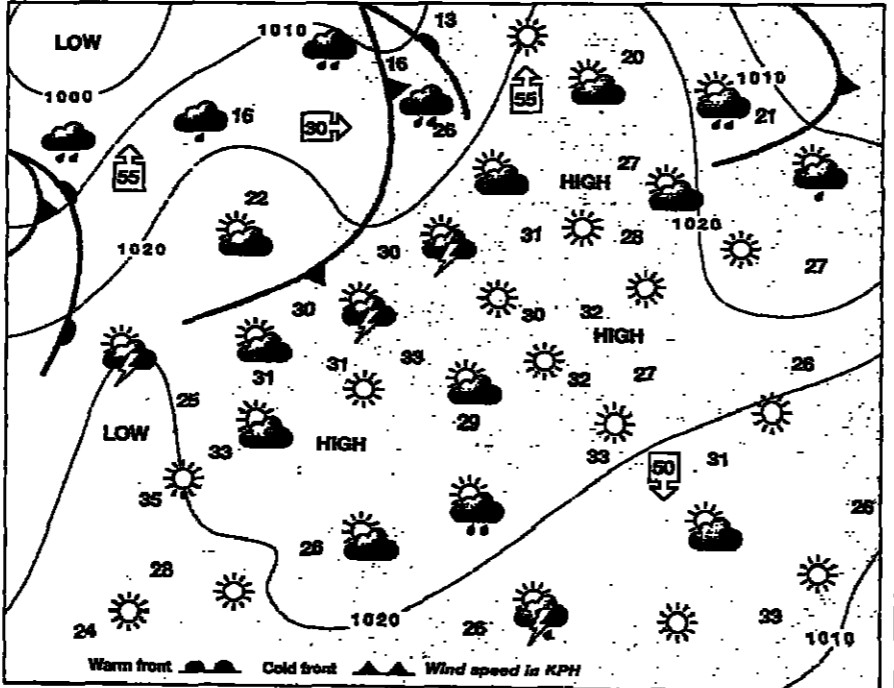
FT WEATHER GUIDE

Europe today

South-westerly winds will draw cool air across north-west Britain, bringing cloud and a few light showers. Most of England will be sunny with temperatures reaching 25C in some areas this afternoon. Western Europe will be sunny with unseasonably high temperatures. Thundery showers will develop during the afternoon. High pressure will bring sun to a wide area from the Baltic states, across the Balkans and into the south-eastern Mediterranean region. The central Mediterranean region will have showers, as will Western Russia, although the Moscow district will remain dry.

Five-day forecast

The hot conditions in central and southern Europe will persist for the next couple of days. It will be warm and sunny, although isolated thundery showers will develop. The south-eastern Mediterranean will remain warm and sunny. North-west Britain will remain unsettled with rain at times, while the south-east will be dry and warm.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES									
Maximum		Minimum		Maximum		Minimum		Maximum	
Abu Dhabi	sun	30	16	Casablanca	sun	21	13	Faro	sun
Akron	sun	28	16	Chicago	sun	24	19	Frankfurt	sun
Algiers	sun	27	16	Cologne	thund	22	14	Geneva	sun
Amsterdam	sun	27	16	Dakar	sun	26	18	Glasgow	cloudy
Athens	sun	30	16	Dallas	sun	32	22	Hamburg	sun
Atlanta	thund	32	18	Doha	sun	37	23	Heidelberg	sun
B. Aires	sun	17	10	Dubai	sun	39	28	Hong Kong	sun
Bham	sun	23	13	Dublin	sun	17	11	Houston	sun
Bangkok	sun	31	24	Durban	sun	30	21	Islamabad	sun
Barcelona	sun	26	16	Edinburgh	sun	18	10	Jakarta	cloudy
								Jersey	sun
								Karachi	sun
								Kuala Lumpur	sun
								L. Angeles	sun
								Las Palmas	sun
								Lima	sun
								Lisbon	sun
								London	sun
								Luemburg	thund
								Lyon	sun
								Madrid	sun
								Mexico City	sun
								Milan	sun
								Montreal	thund
								Moscow	sun
								Mumbai	sun
								Nairobi	cloudy
								Naples	sun
								Nassau	sun
								New York	sun
								Niiza	sun
								Nicosia	sun
								Oahu	shower
								Osaka	sun
								Perth	sun
								Prague	sun
								Rangoon	cloudy
								Reykjavik	cloudy
								Rio	sun
								Rome	sun
								Sa. Francisco	sun
								Seoul	sun
								Singapore	cloudy
								Stockholm	sun
								St. Petersburg	sun
								Sydney	sun
								Taipei	sun
								Tel Aviv	sun
								Toronto	sun
								Vancouver	rain
								Verona	sun
								Warsaw	sun
								Wellington	sun
								Washington	thund
								Wellington	cloudy
								Winnipeg	cloudy
								Zurich	thund



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